Postal Regn.No. DL(C)-01/1251/09-11
Licence to Post without Prepayment U(C)-30/09-11
RNI No. 42906/84

WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 $2

Vol. XXVIII No 07 11-17 May 2011

Promoted by Indian Institute of Foreign Trade, World Trade Centre, Academy of Business Studies

Annual subscription Rs 750

Doha 'Plan B' for Early Harvest on Anvil

WTO Director-General Pascal Lamy has started quiet consultations with member delegations to explore possible options for trying to salvage something from the wreckage in case a comprehensive Doha accord proves impossible, so as to limit the damage of a failed round to the global trade body.

In private, however, ambassadors have been mulling over a variety of potential options for trying to work around the impasse in the Doha Round talks, according diplomatic sources. But many of these options would likely run up against some of the same constraints that have contributed to the Doha deadlock.

The most longstanding suggestion for a Plan B is to 'handpick' some issues from among those under consideration in the Doha negotiations, and then conclude a stand-alone agreement on those, leaving aside divisive issues like agriculture and industrial goods.

Currently, trade facilitation appears to have widespread support, but countries differ on what other issues might be taken out of the Doha Round negotiations for a stand-alone agreement.

Former US Trade Representative Susan Schwab, who also played a central role in the Doha Round negotiations, expressed similar ideas in an article for the May-June issue of Foreign Affairs, arguing that several smaller deals can and should be salvaged, pointing in particular to trade facilitation, agricultural export subsidies, disciplines on government support to fisheries, and trade liberalisation for environmental goods and services.

An alternative Plan B some Geneva-based trade diplomats have mentioned would focus on least-developed countries. It would have WTO members agree on providing duty- and quota-free market access to exports from LDCs, and agree on a waiver that would authorise them to discriminate in favour of LDC service providers. This plan, however, would run into the same obstacles facing longstanding suggestions for an 'early harvest' for LDCs, notably US reluctance to grant unrestricted access to textiles from Asian LDCs.

Baldwin and Evenett editors of a new ebook on the Doha Round argue that heads of state, particularly in the US and China, should work to conclude a deal this year by making the case for Doha's significance to the multilateral system, tackling export lobbies head-on, and considering compensation for small constituencies that are currently blocking progress in the negotiations.

As officials search for a way forward, whether on the round as a whole or on part of it, they say that a major obstacle will be distrust, both among the EU, the US, China, Brazil, and India, and between the rest of the WTO membership and the 'big five.'

EU Submits Non Paper on Sectoral Tariff Reform as NAMA Alternative

Jean-Luc Demarty, the European Commission's director-general for trade and a respected technical expert, unveiled the proposal during a 29 April session of the Trade Negotiations Committee."Our view has always been that not all options and avenues in this market access area had been explored," he told members.

The US and the EU think that participation by large developing countries in sectorals is essential to ensuring that the Doha Round delivers sufficient market access gains, since in their view the standard tariff-reduction formula and associated flexibilities for developing countries to shelter some products from the full force of cuts would deliver too little. In the view of China, Brazil, and India, however, sectorals are simply a supplement to the tariff cuts achieved through the formula, which they see as setting the tone for the depth of tariff cuts to result from the negotiations.

Focus on industrial machinery, chemicals, electronics

As per the terms described by Demarty, developed countries would be required to eliminate tariffs on all products covered by the initiatives (he did, however, specify that audiovisual products, which are sensitive to the EU and some other members, would be excluded from the initiative on the electronics sector).

Developing countries would have to eliminate tariffs on some products covered by sectoral initiatives. For others, they would have to establish future tariff ceilings at a to-be-negotiated 'x' percentage points below the end-rates yielded by the standard 'Swiss' tariff reduction formula.

The EU outlined specific provisions for each of the three sectors it focused on.

For industrial machinery, it wants developing countries to 'go to zero', or eliminate tariffs, on goods such as agricultural equipment, which were covered by voluntary sectoral arrangements during the previous Uruguay Round of negotiations.

On chemicals, it wants developing country participants to reduce their tariffs to levels prescribed by the existing Chemical Tariff Harmonisation Agreement (CTHA), if those are lower than what would result from the 'formula plus x' reduction. The Uruguay Round-era CTHA, which is already applied by the EU, the US, Japan, and China, but not by India and Brazil, sets tariffs on a wide range of chemical products, from inorganic and organic chemicals, fertilisers, soaps, cosmetics, and plastics at either zero, 5.5 percent, or 6.5 percent.

As for electronics and electrical machinery, "participating developing Members would be expected to join the effort of developed countries and eliminate their tariffs in this sector in which they are highly competitive exporters."

Demarty specified that under the EU proposal, developing countries would be able to apply the so-called 'Paragraph 7 flexibilities' to products covered by sectoral initiatives. Under those flexibilities, developing countries are, depending on the level of overall tariff reduction they opt for, allowed to exempt from tariff cuts up to 6.5 percent of tariff lines covering 7.5 percent of manufacturing imports by value. Alternatively, they can make cuts equivalent to half those ordinarily required by the formula on up to 14 percent of tariff lines, covering 16 percent of manufacturing imports. (Comparable flexibilities in the agriculture negotiations do not come with a trade volume cap, a point of irritation for some developing countries.)

The EU proposal would require a much greater tariff reduction 'effort' by developing countries than by developed ones. For instance, the rich countries that already apply the Chemical Tariff Harmonization Agreement have a maximum tariff of 6.5 percent on chemicals. Even without a sectoral tariff initiative, the standard tariff reduction formula would reduce this to about 3 percent. With the sectoral, tariff elimination would be a matter of three percentage points. For developing countries with higher tariffs in the chemicals sector, participation in the sectoral would involve a much larger supplemental reduction.

Korean Parliament Approves FTA with EU, Putting Pressure on US

Korea's parliament on Wednesday approved a free trade agreement with the EU, as opposition lawmakers boycotted the vote, paving the way for it to enter into force in July.

The controversial accord is estimated to cover $70 billion in annual two-way trade; it will remove 98 percent of import barriers between the two trading powers over the next 5 years.

Signed in October last year and approved by the European Parliament in February, the FTA has been facing major delays in the Korean Parliament due to concerns that Korean farmers and dairy producers would be undercut by European imports.

After six months of debate, a key parliamentary committee ratified the FTA last week. But the opposition Democratic Party blocked a vote, demanding additional safeguards for the agricultural industry. Despite an eleventh-hour agreement between the ruling Grand National Party and the DP to introduce new protections for farmers and the retail sector, the opposition party ultimately boycotted the vote.

The last-minute reforms fatten monetary compensation for farmers in the event of price declines, and are set to be in place for a decade. During that time, farmers will also be exempt from value added taxes on their production equipment and feed. Protective legislation for traditional supermarkets was also strengthened, with a provision that no "super supermarket" - giant food retail conglomerates such as the UK's Tesco - could open within a 500-meter radius of traditional markets for three years; the expanded to a 1-kilometer radius for a minimum of five years.

Officials also promised to initiate negotiations for greater protection of domestic industry within the FTA texts before it could enter into effect on 1 July.

The wrangling over the EU FTA overlapped with a visit by US Commerce Secretary Gary Locke to Seoul to promote the US's own FTA with Korea, which is currently stalled in the US political system.

German Exports Hit Record on Asia Demand

German exports surged in March to the highest monthly value ever recorded, boosting growth in Europe's largest economy.

Exports, adjusted for work days and seasonal changes, jumped 7.3 percent from February, when they gained 2.8 percent, the Federal Statistics Office in Wiesbaden said on 8 May. Economists had forecast a 1.1 percent increase. Exports were worth 98.3 billion euros ($141.4 billion) in March, the most since records began in 1950, the statistics office said.

Germany's economic recovery is broadening as companies boost investment and hiring to meet booming export demand from emerging Asia. The economy may have expanded as much as 1 percent in the first three months of the year and may maintain its growth momentum in the current quarter, according to the Bundesbank.

The euro rose almost half a cent after the report to $1.4424 in Frankfurt.

Record Imports

From a year earlier, exports rose 15.8 percent, this report showed. Imports advanced 16.9 percent in the year and 3.1 percent from February. Worth 79.4 billion euros in March, imports also reached a record monthly value.

The trade balance widened to 18.9 billion euros from 11.9 billion euros in February. The surplus in the current account, a measure of all trade including services, was 19.5 billion euros in March, up from 8.7 billion euros in February.

Dollar-Rupee Rate at NSE Futures

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
9-May-11	44.8375	44.9125	44.7950	44.8850	44.8850	996102	2627506	1178421	44.7000
6-May-11	45.0775	45.0975	44.8850	44.9500	44.9500	1010927	3545750	1594544	44.7800
5-May-11	44.8125	44.9700	44.7050	44.9400	44.9400	1007251	3513320	1574479	44.5700
4-May-11	44.8075	44.8500	44.6775	44.7100	44.7100	925037	3248822	1453765	44.5900
3-May-11	44.6275	44.7600	44.5250	44.7300	44.7300	1042459	3769189	1683035	44.3400

[Source: NSE and RBI Website]

China Trade Surplus $11.4 bn in April '11

China reported a more-than-estimated $11.4 billion trade surplus for April as U.S. officials pushed at talks in Washington for faster gains in the yuan.

Today's number, released by the customs bureau, compared with a surplus of $140 million the previous month and $1.68 billion a year earlier. Import growth slowed to 21.8 percent in April from a year earlier while exports grew 29.9 percent.

The People's Bank of China set the yuan's reference rate at a record high of 6.4988 per dollar on 8 May and allowed the currency to strengthen 0.9 percent in April, the biggest monthly gain this year.

Sugar Imports Rise in China, Shortages Ahead

Sugar imports by China, the world's second-biggest consumer after India, may jump 35 percent as output trails demand, helping push global prices higher, according to Australia and New Zealand Banking Group Ltd.

Buyers in China may take advantage of a slump in prices that has seen sugar plunge about 42 percent since reaching a three-decade high on Feb. 2. Raw sugar for July delivery gained 2.4 percent to 20.96 cents a pound in New York on 8 May.

About 1.16 million tonnes of sugar was sold to the domestic market from China's state reserves between August and February to cool prices, Deane said in a report last month.

The country's food-price inflation jumped 11.7 percent in March, matching the rate in November, when prices advanced at the fastest pace since 2008. Rising consumer prices have prompted the central bank to raise lending and deposit rates four times since mid-October.

C&AG Recommendations on Project Imports – Close All Assessments within 60 Days

Subject: Project Imports Regulations, 1986 (PIR) – Instructions.

22-CBEC 04.05.2011 (DoR)

Attention is invited to the provisions of Project Imports Regulations, 1986 (PIR) and various circulars and instructions issued by the Board on the above subject from time to time.

2. The Comptroller & Auditor General of India (C&AG) had conducted a review of the working of 'Project Imports' scheme with a view to ascertaining the level of compliance, effectiveness of internal control and whether finalization has been done by field formations within a reasonable time frame. The audit review has revealed some systemic as well as compliance weaknesses relating to grant of project imports benefits and finalization of project imports cases. The C&AG has taken a serious view on the weak monitoring of the Project Imports and on the substantial delay in finalization of Project Imports as detailed in their Performance Audit Report No. PA 24 of 2009-10. In the light of various shortcomings pointed out in their report, the C&AG has recommended for a comprehensive review of the working of the scheme including the internal control and monitoring mechanism in vogue which govern the project imports, and to further strengthen this mechanism.

3.1. The matter has been examined and the recommendations made by C&AG have been carefully gone through by the Board. One of the recommendations made by C&AG is that the Government should fix a realistic time frame for finalization of assessments of project import cases after submission of the requisite documents by the importers to ensure that there is no loss of revenue. In this regard, it has been decided by the Board that finalization of assessments under Project imports should completed within a period of 60 days from the date of submission of required documents by the importer. However, in exceptional circumstances where it is not possible to complete the finalization within the time limit for justifiable reasons, the time limit may be extended by the jurisdictional Commissioner of Customs for such further period as may be decided by him and for the reasons to be recorded in writing.

3.2. It may also be recalled that as per Board's Circular No.12/2001-Customs dated 1.3.2011 issued from File No.334/3/2011-TRU, the field formations were advised not to renew the bank guarantee in respect of project imports, on completion of a period of six months from the date of submission of necessary documents from the jurisdictional Central Excise authority or any other specified authority, as proof of utilization / installation of goods for the finalization of the contract. It is hereby clarified that the above said relaxation is applicable, only if all the required documents including certificate for installation of imported goods at the Plant/ Project site, utilization of imported goods in the manufacture of declared goods etc. are submitted up to the satisfaction of proper officer for finalisation of contract. The Commissioner shall therefore ensure that the aforesaid time limit for finalization of Project Imports under PIR, 1986 is adhered to in all cases, so that such finalization is completed within the validity period of the bank guarantee in order to ensure that the government revenue is safeguarded. However, in cases where the importers have not submitted the requisite documents in time, it may be ensured that the bank guarantees are kept alive until finalization of project imports so that resultant delay does not adversely affect the interests of revenue.

4. It has also been recommended by C&AG that in order to improve compliance, penal provisions may be invoked for delay in submission of reconciliation statements and other requisite documents by importers. In this regard, you may refer to the Regulation 7 of PIR, 1986, which stipulates that importer shall submit a statement indicating details of goods to be imported together with necessary documents as proof regarding the value and quantity of the goods imported within three months from the date of clearance of the last consignment along with any other documents that may be required by the proper officer for finalization of the Project Imports cases. While the provisions contained in the Regulations are explicit, it has been brought to the notice of the Board that there are a large number of cases where project imports have not been finalized on account of non-submission of Statement by importers which indicate that the implementation of these provisions has been far from satisfactory. In order to address this issue and to deter the importers from non-submission or delayed submission of relevant documents, the Commissioners should ensure that in cases where the requisite Statement / documents under Regulation 7 of PIR, 1986 is not submitted in time or submitted incomplete, then necessary action for enforcing bond / undertaking, cash security/ bank guarantees executed in this regard, issue of notice for demand of duty, penalty for non-compliance with the provisions of the Regulations may be initiated against the importer. The adjudicating authority is expected to appreciate the evidence on record including documents submitted, if any, to arrive at a decision whether duty is to be confirmed and / or penalty imposed.

5. In respect of goods cleared under Release Advice (RA), at ports other than the port where the contract for project imports is registered, it has been reported by field formations that provisionally assessed Bills of Entry are not finalized expeditiously, causing delay in finalization of Project Imports. It has, therefore, been decided that importer and his Custom House Agent should ensure that the provisionally assessed Bills of Entry for the imported goods at the ports other than the port of registration of project imports are finally assessed and audited at the respective ports, and should be submitted along with the documents submitted for finalization of Project Imports. In these cases the concerned Commissioner should ensure that such Bills of Entry are finalized without undue delay.

6. In terms of the provisions of Regulation 7 of PIR, 1986 read with Board's instructions for finalization of project imports, the importer is also required to submit a certificate from a registered Chartered Engineer certifying the installation of imported items of machinery along with other documents. In this regard, all importers may be advised to produce this document without any delay so as to ensure timely finalization of Project Imports. Further, in order to ensure that the imported goods have actually been used for the projects for which goods have been imported, Plant Site Verification (PSV) is required to be done in cases where value of project exceeds Rs. 1 crore and in other cases at least 10% of the project imports registered will be subject to such plant verification. All the relevant particulars of the contract giving complete details of the goods imported shall be communicated to the jurisdictional Central Excise Office to confirm whether the same have been installed at the registered plant site in time. It has been decided by Board that jurisdictional Central Excise Commissionerate should ensure that Plant Site Verification, where ever applicable, is completed within 15 days of submission of relevant documents by the importers. However, in cases of Government Departments and Public Sector Undertakings, the requirement of PSV under project imports can be fulfilled by means of issuing appropriate Certificate by the Head of PSU / Government Undertaking in the rank of Chairman / Executive Director.

7. On the recommendation of C&AG for developing appropriate accounting and monitoring modules and integrating these with the EDI system to facilitate effective monitoring of project imports, the matter has been taken up with the Directorate General of Systems for further action. However, in the meantime the existing facility for processing the Bill of Entry, Bond module system under Customs EDI System shall be followed so as to monitor the validity of bank guarantees, bonds and to ensure that they are renewed periodically. Further, proper records of the Contracts registered under Project Imports along with requisite particulars, amendments to contracts, if any, as required under Regulation 5 of PIR shall be maintained by the respective Custom Houses for the purpose of monitoring.

8. The C&AG has further recommended that the Board should strengthen the internal control and monitoring mechanism in respect of Project Imports to reduce the risk of irregularities. In order to ensure compliance of PIR, 1986 and to provide an institutional mechanism to monitor the pendency of project imports on a monthly basis, the Board hereby further directs that the concerned Commissioner of Customs should monitor the pendency of project imports cases

Cont'd..66

World Bank Pink Sheet – May 2011

World Bank Pinksheet issued in May 2011 covers price movements in 43 energy and non-energy products. This Pink Sheet focuses on price movements in April 2011.

Crude, Wheat and Fertilizers on the Rises; World Sugar Declines

Up ↑

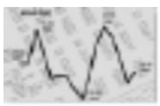
Crude and Natural Gas
Coffee, arabica; Tea
Copra, Coconut oil, Groundnut oil, Soybean oil, Soybeans
Barley, Maize, Rice Vietnam and Sorghum, Wheat
Bananas, Oranges, Meat
Timber, Rubber, Fertilizers
Aluminium, Iron Ore, Lead, Steel products, Tin and Zinc
Gold and Silver.

Down ↓

Coal, Cocoa
Palm oil, Palmkernel oil, Soybean meal
World Sugar, Fishmeal, Cotton
Copper and Nickel

Steady ↔

Shrimp, CR and HR Coil Sheet



	Monthly averages				Quarterly averages					Annual averages		
	2011				2010				2011	2009	2010	2011
	Feb	Mar	Apr		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan-Dec	Jan-Dec	Jan-Apr
Energy												
Coal, Australia $/mt	128.36	126.13	123.00	↓	95.19	99.49	93.55	107.63	128.99	71.84	98.97	127.49
Crude oil, average $/bbl	97.91	108.65	116.24	↑	77.06	78.18	75.51	85.42	99.75	61.76	79.04	103.87
Crude oil, Brent $/bbl	103.96	114.44	123.07	↑	76.65	78.69	76.41	86.79	104.90	61.86	79.64	109.44
Crude oil, Dubai $/bbl	100.25	108.58	115.70	↑	75.86	77.98	74.04	84.37	100.40	61.75	78.06	104.23
Crude oil, West Texas Int. $/bbl	89.53	102.92	109.96	↑	78.67	77.85	76.08	85.09	93.95	61.65	79.43	97.95
Natural gas Index 2000=100	163.3	162.7	176.6	↑	170.3	147.5	155.1	151.6	165.4	153.5	156.1	168.2
Natural gas, Europe $/mmbtu	9.36	9.37	10.36	↑	8.84	7.51	8.26	8.54	9.45	8.71	8.29	9.68
Natural gas, US $/mmbtu	4.07	3.97	4.24	↑	5.15	4.32	4.28	3.80	4.18	3.95	4.39	4.20
Natural gas LNG, Japan $/mmbtu	12.02	12.40	12.75	↑	10.32	10.95	11.22	10.91	11.96	8.94	10.85	12.16
Beverages												
Cocoa ¢/kg	347.2	339.3	311.7	↓	329.7	321.0	305.9	296.6	334.3	288.9	313.3	328.7
Coffee, arabica ¢/kg	634.7	643.9	661.7	↑	353.7	392.0	468.5	513.9	620.0	317.1	432.0	630.4
Coffee, robusta ¢/kg	241.1	260.4	258.8	↓	150.8	161.0	183.2	199.4	241.5	164.4	173.6	245.8
Tea, auctions (3) average ¢/kg	288.2	275.8	301.7	↑	279.0	276.4	295.1	303.5	288.7	272.4	288.5	291.9
Tea, Colombo auctions ¢/kg	355.9	357.1	337.2	↓	335.1	316.2	322.1	342.4	356.3	313.7	329.0	351.5
Tea, Kolkata auctions ¢/kg	229.9	196.5	301.3	↑	215.8	274.0	320.6	311.7	229.2	251.5	280.5	247.2
Tea, Mombasa auctions ¢/kg	278.8	273.8	266.7	↓	286.1	238.9	242.7	256.3	280.6	252.0	256.0	277.1
Fats and Oils												
Coconut oil $/mt	2,256	1,925	2,088	↑	834	955	1,159	1,546	2,073	725	1,124	2,077
Copra $/mt	1,503	1,280	1,421	↑	557	634	769	1,038	1,379	480	750	1,390
Groundnut oil $/mt	1,730	1,650	1,680	↑	1,359	1,352	1,301	1,604	1,723	1,184	1,404	1,712
Palm oil $/mt	1,292	1,180	1,149	↓	808	813	875	1,108	1,251	683	901	1,226
Palmkernel oil $/mt	2,296	1,977	1,899	↓	922	1,034	1,161	1,619	2,131	700	1,184	2,073
Soybean meal $/mt	442	418	403	↓	369	342	378	424	437	408	378	429
Soybean oil $/mt	1,365	1,307	1,314	↑	917	875	984	1,242	1,349	849	1,005	1,340
Soybeans $/mt	570	553	556	↑	417	409	452	522	565	437	450	563
Grains												
Barley $/mt	196.5	202.6	208.9	↑	143.6	146.9	161.9	181.1	198.1	128.3	158.4	200.8
Maize $/mt	292.9	290.5	319.3	↑	162.7	157.7	181.7	241.5	282.8	165.5	185.9	291.9
Rice, Thailand, 5% $/mt	524.0	492.8	484.3	↓	535.3	452.4	457.0	510.8	511.2	555.0	488.9	504.5
Rice, Thailand, 25% $/mt	473.0	455.5	448.3	↓	477.0	399.1	418.5	471.4	465.4	458.1	441.5	461.1
Rice,Thai, A.1 $/mt	420.5	408.3	409.0	↑	400.7	333.8	376.9	423.1	411.3	326.4	383.7	410.7
Rice, Vietnam 5% $/mt	478.6	464.0	484.3	↑	433.2	366.1	411.1	504.7	479.8	0.0	428.8	480.9

	Monthly averages				Quarterly averages					Annual averages		
	2011				2010				2011	2009	2010	2011
	Feb	Mar	Apr		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan-Dec	Jan-Dec	Jan-Apr
Sorghum $/mt	253.2	266.1	289.6	↑	156.9	142.6	153.6	208.6	255.2	151.1	165.4	263.8
Wheat, Canada $/mt	474.1	432.5	460.9	↑	279.0	260.9	326.1	383.6	449.0	300.5	312.4	452.0
Wheat, US, HRW $/mt	348.1	316.7	336.1	↑	195.4	177.4	237.9	283.6	330.5	224.1	223.6	331.9
Wheat, US SRW $/mt	338.8	303.1	314.9	↑	193.5	186.9	253.4	284.9	320.8	186.0	229.7	319.3
Other Food												
Bananas EU $/mt	1311.0	1246.3	1294.0	↑	1014.0	1029.0	932.6	1033.4	1251.4	1144.9	1002.2	1262.0
Bananas US $/mt	1,002	996	1,027	↑	781	862	922	909	964	847	868	979
Fishmeal $/mt	1,793	1,796	1,776	↓	1,660	1,814	1,663	1,613	1,740	1,230	1,688	1,749
Meat, beef ¢/kg	405	414	426	↑	314	342	331	353	410	264	335	414
Meat, chicken ¢/kg	187.5	189.8	190.5	↑	183.9	190.2	193.6	189.3	188.2	188.8	189.2	188.8
Meat, sheep ¢/kg	641.4	642.4	667.7	↑	447.6	486.8	572.5	618.7	637.1	427.6	531.4	644.7
Oranges $/mt	885.0	852.4	881.0	↑	1008.5	1083.6	1162.9	877.9	824.0	909.0	1033.2	838.2
Shrimp, Mexico ¢/kg	1,246	1,246	1,246	↔	827	945	n.a.	1221.7	1,246	945	1,004	1,246
Sugar EU ¢/kg	44.61	45.78	47.26	↑	46.38	42.66	43.29	44.38	44.69	52.44	44.18	45.33
Sugar US ¢/kg	87.39	87.51	84.28	↓	84.31	69.62	78.20	84.86	86.56	54.88	79.25	85.99
Sugar, world ¢/kg	64.97	57.85	53.70	↓	51.82	34.93	42.98	58.01	62.70	40.00	46.93	60.45
Timber												
Logs, Cameroon $/cum	450.8	462.6	477.5	↑	431.4	408.0	426.3	448.5	451.6	421.5	428.6	458.1
Logs, Malaysia $/cum	328.6	334.8	337.0	↑	253.6	253.5	293.5	312.1	326.2	287.2	278.2	328.9
Plywood ¢/sheets	588.7	592.2	596.3	↑	557.2	566.3	572.3	580.5	588.5	564.6	569.1	590.4
Sawnwood, Cameroon $/cum	831.5	840.1	883.4	↑	804.1	787.1	811.8	847.8	833.1	748.9	812.7	845.7
Sawnwood, Malaysia $/cum	927.8	929.2	946.2	↑	787.8	832.6	879.8	892.9	921.6	805.5	848.3	927.8
Woodpulp $/mt	885.8	903.3	920.0	↑	780.9	875.5	912.9	897.8	889.4	614.6	866.8	897.1
Other Raw Materials												
Cotton A Index ¢/kg	470.0	506.3	477.6	↓	178.8	199.3	205.2	330.1	456.9	138.2	228.3	462.1
Rubber RSS3 ¢/kg	625.9	541.9	585.3	↑	318.6	372.7	337.5	432.8	573.2	192.1	365.4	576.3
Rubber TSR20 ¢/kg	558.1	483.9	497.1	↑	309.8	302.3	314.4	425.9	525.1	180.0	338.1	518.1
Fertilizers												
DAP $/mt	603.8	605.5	617.1	↑	464.8	458.2	494.1	585.6	601.7	323.1	500.7	605.5
Phosphate rock $/mt	160.0	160.0	182.5	↑	102.1	125.0	125.0	140.0	158.3	121.7	123.0	164.4
Potassium chloride $/mt	375.0	380.0	413.8	↑	334.0	316.1	334.2	343.2	374.2	630.4	331.9	384.1
TSP $/mt	490.0	494.0	535.6	↑	316.9	357.4	389.6	463.8	486.3	257.4	381.9	498.7
Urea $/mt	358.1	327.8	340.4	↑	281.0	237.2	279.2	357.0	353.4	249.6	288.6	350.1
Metals and Minerals												
Aluminum $/mt	2,508	2,556	2,678	↑	2,163	2,096	2,090	2,343	2,501	1,665	2,173	2,545
Copper $/mt	9,868	9,503	9,493	↓	7,232	7,027	7,243	8,637	9,642	5,150	7,535	9,605
Gold $/toz	1,373	1,424	1,480	↑	1,109	1,196	1,227	1,367	1,384	973	1,225	1,408
Iron ore, contract, fob Brazil ¢/dmtu	n.a.	n.a.	n.a.		131.0	n.a.	n.a.	n.a.	n.a.	101.0	n.a.	n.a.
Iron ore, spot, cfr China $/dmt	187.2	169.4	179.3	↑	131.0	159.2	137.4	155.9	178.6	80.0	145.9	178.8
Lead ¢/kg	258.7	262.4	270.1	↑	222.1	195.0	203.2	239.0	260.4	171.9	214.8	262.8
Nickel $/mt	28,252	26,710	26,408	↓	19,959	22,476	21,191	23,609	26,870	14,655	21,809	26,754
Silver ¢/toz	3,086	3,595	4,280	↑	1,693	1,838	1,901	2,647	3,179	1,469	2,020	3,454
Steel products index 2000=100	245.5	265.1	272.5	↑	211.5	241.1	232.4	233.9	250.5	227.1	229.7	256.0
Steel cr coilsheet $/mt	850	900	900	↔	725	838	850	850	867	783	816	875
Steel hr coilsheet $/mt	750	800	800	↔	625	738	750	750	767	683	716	775
Steel rebar $/mt	600	600	640	↑	546	621	533	550	600	486	563	610
Steel wire rod $/mt	690	700	760	↑	751	767	678	653	684	969	712	703
Tin ¢/kg	3,153	3,059	3,236	↑	1,721	1,786	2,055	2,601	2,986	1,357	2,041	3,049
Zinc ¢/kg	246.5	234.1	236.2	↑	228.9	202.6	201.3	231.5	239.3	165.5	216.1	238.5

$ = US dollar; ¢ = US cent; bbl = barrel; cum = cubic meter; dmtu = Dry Metric Ton Unit; kg = kilogram; mmbtu = million British thermal units; mt = metric ton; toz = troy oz; n.a. = not available; n.q. = no quotation

Cont'd..63

and submit a monthly report to the Chief Commissioner of Customs in charge of the Zone, in the prescribed format enclosed along with this circular as in **Annexure-I**. The Chief Commissioner of Customs will monitor the pendency and send a quarterly consolidated report of the Zone by 15th of next month to the Directorate General of Inspection (Customs & Central Excise), New Delhi in prescribed format as in **Annexure-II**. The DGIC&CE will in turn monitor the pendency at All India level, in centralized manner and will report to the Board on a quarterly basis about the progress made in finalization of project imports, trend of compliance etc. and suggest corrective measures to be taken, if any.

9. Board's Circular No.12/2011-Customs dated 1.3.2011 stands modified to the above extent.

10. These instructions should be brought to the notice of all the concerned by way of issuance of instructions / trade notice.

11. Difficulty faced, if any, may be brought to the immediate notice of the Board.

F.No.528/38/2008-Cus.(TU)

Annexure – I

Chief Commissioner Customs (Zone)
Pending Project Finalization Report

SNo.	Project Registration No. & Date	Name of Importer	Value of the Project registered	Security Deposit / Bank Guarantee amount taken	Date of submission of reconciliation statement	Action Taken	Estimated period / time required for finalisation
1.							
2.							
3.							
4.							
5.							
6.							
7.							

Annexure – II

Chief Commissioner Customs (Zone)
Pending Project Finalization Report

SNo.	Year	Total no. of Project contract registered	No. of Project contracts where last con-signment is cleared	No. of project contracts where documents are submitted	No. of project contracts where documents are not submitted and adjudication proceedings started	No. of project contracts where documents are not submitted and adjudication proceedings not started	Reasons for no action
1.							
2.							
3.							
4.							
5.							
6.							
7.							

Manual Filing of Bills of Entry/SB only with Jt. Commissioner Sanction, Reporting of Date Must

[Ref: CBEC Instruction No. 401/81/2011-Cus.III dated 4th May 2011]

Subject: Manual filing and processing of bills of entry / shipping bills - stringent checks required to prevent misuse.

Recent past DRI has detected several cases in which bills of entry/shipping bills were processed manually or manual clearance was allowed on EDI documents. Such cases have indicated the possibility of illegal import / export of restricted / prohibited goods and substantial loss of revenue to the Government exchequer. These cases highlight the high propensity to commit fraud and duty evasion that is associated with the manual processing of documents at any stage in the clearance process. It also needs to be noted that neither Directorate of Systems nor Directorate of Valuation are capturing the data relating to exports in respect of non-EDI locations. Most Customs locations have devised their own list of cases for which manual processing is allowed on a regular basis according to public notices and standing orders issued in this regard.

2. The matter has been examined in the Board. In order to redress the issue, it has been decided that only in the rarest of rare and genuine cases manual processing and clearance will be allowed and data for manual documents is compulsorily entered and transmitted at all locations within the stipulated time period.

3. The Board has taken a serious note of the cases of misuse detected on account of manual documentation as well as of casual manner in which this facility is being extended, which is prone to be detrimental to revenue. Accordingly, to redress the issue it has been decided that manual processing and clearance of import/export goods shall be allowed only in exceptional and genuine cases which for some reasons cannot be processed through EDI. This authority should be vested in a senior officer of the level of Joint/Additional Commissioner of Customs and it should be closely monitored by the Commissioner of Customs. Needless to state the facility of manual documentation should be an exception to the rule of EDI processing and should be withdrawn no sooner EDI processing is possible.

4. The Board has also decided that data for manual documents should be compulsorily entered and transmitted at all locations within the stipulated time period. For this purpose the Commissioner of Customs shall nominate an officer of the level of Assistant/Deputy Commissioner of Customs to oversee this task and shall closely monitor the same to ensure there is no deficiency in data quality or gap in entry and transmission of data.

5. The Board desires that the aforementioned instructions may be strictly complied with. Difficulties, if any, noticed in this regard may be immediately brought to the notice of the Board through the Chief Commissioner concerned. Needless to say any failure in complying with these instructions will have a revenue angle, and hence inevitable consequences.

Negative List for Service Tax on the Anvil

[Ref: Department of Revenue, Tax Research Unit Press Note dated 6th May 2011]

Ministry of Finance has initiated a public debate on the issue of a negative list for taxation of services. While presenting the Budget 2011, Honorable Finance Minister had in his speech announced the initiation of a public debate. The text of the speech is as below:

"Many experts have argued that it will be desirable to tax services based on a small negative list, so that many untapped sectors are brought into the tax net. Such an approach will be very conducive for a nationwide GST. I propose to initiate an informed public debate on the subject to help us finalise the approach to GST."

The main issues that are sought to be deliberated in the debate are advantages and disadvantages of a negative viz a viz a positive list, the right approach for India, the International experience of taxation of services based on negative list, important issues arising by moving towards the taxation of services base on negative list, definition of the term "service" and possible list of services that merit to be included in the negative list. Areas that would need to be exempted separately even after moving towards the proposed negative list and the revenue implication of moving towards negative list are also to be deliberated upon.

Major industry federation and confederations (FICCI, ASSOCHAM, PHDCCI & CII) and academic institutions like NIPFP have been requested to participate and also anchor the public debate on the subject. All comments and suggestions regarding the issue have been requested by 15th June, 2011.

The Directorate General of Service Tax has been appointed as the nodal agency for the in-house debate and consultation on the subject by calling for the comments from field formations. A concept paper on the subject is proposed to be drafted after the feedback from the stakeholders.

Sub Contractors must Pay Service Tax in Works Contract

Subject: Representation by Jaiprakash Associates Limited, Noida, in terms of Judgement dated 14.02.2011 in W.P. No. 7705 of 2008.

138-ST 06.05.2011 (DoR) The Works Contract service (WCS) in respect of construction of Dams, Tunnels, Road, Bridges etc. is exempt from service tax. WCS providers engage sub contractors who provide services such as Architect's Service, Consulting Engineer's Service, Construction of Complex Service, Design Services, Erection Commissioning or Installation Service, Management, Maintenance or Repair Service etc. The representation by Jaiprakash Associates Limited seeks to extend the benefit of such exemption to the sub contractors providing various services to the WCS provider by arguing that the service provided by the sub contractors are 'in relation to' the exempted works contract service and hence they deserve classification under WCS itself.

2. The matter has been examined.

(i) Section 65A of the Finance Act, 1994 provides for classification of taxable services, which mentions that classification of taxable services shall be determined according to the terms of the sub-clauses (105) of section 65. When for any reason, a taxable service is prima facie, classifiable under two or more sub-clauses of clause (105) of section 65, classification shall be effected under the sub-clause which provides the most specific description and not the sub-clauses that provide a more general description.

(ii) In this case the service provider is providing WCS and he in turn is receiving various services like Architect service, Consulting Engineer service, Construction of complex, Design service, Erection Commissioning or installation, Management, maintenance or repair etc., which are used by him in providing output service. The services received by the WCS provider from its subcontractors are distinctly classifiable under the respective sub clauses of section 65 (105) of the Finance Act by their description. When a descriptive sub clause is available for classification, the service cannot be classified under another sub clause which is generic in nature. As such, the services that are being provided by the sub contractors of WCS providers are classifiable under the respective heads and not under WCS.

(iii) Attention is also invited to CIRCULAR NO 96/7/2007-ST, dated 23rd August, 2007 regarding clarification on technical issues relating to taxation of services under the Finance Act, 1994. The relevant portion is reproduced below,-

Customs Valuation Exchange Rates

May 2011		Imports	Exports	
Schedule I				
1	Australian Dollar	48.25	47.05	Rate of exchange of one unit of foreign currency equipment to Indian Rupees
2	Canadian Dollar	47.35	46.15	
3	Danish Kroner	8.85	8.55	
4	EURO	65.65	64.05	
5	Hong Kong Dollar	5.80	5.70	
6	Norwegian Kroner	8.45	8.15	
7	Pound Sterling	74.35	72.55	
8	Swedish Kroner	7.40	7.15	
9	Swiss Franc	51.25	49.75	
10	Singapore Dollar	36.50	35.60	
11	U.S. Dollar	45.00	44.15	
Schedule II				
1	Japanese Yen	55.40	53.85	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

(Source: Customs Notification 32(NT)/27.04.2011)

Commodity Spot Prices in India – 06-09 May 2011

These commodity prices are taken from Multi Commodity Exchange of India (Mumbai) at 6 pm every day.

(Rs.)

Commodity	Unit	Market	06-May	07-May	09-May
CER (Carbon Trading)	1 MT	Mumbai	865	853.5	853.5
Chana	100 KGS	Delhi	2237	2238	2221
Masur	100 KGS	Indore	3026	3021	3022
Potato	100 KGS	Agra	622.1	622.4	618
Potato TKR	100 KGS	Tarkeshwar	526.8	546.1	561.4
Arecanut	100 KGS	Mangalore	NA	NA	NA
Cashewkern	1 KGS	Quilon	NA	NA	NA
Cardamom	1 KGS	Vandanmedu	835.6	817.5	834
Coffee ROB	100 KGS	Kushalnagar	NA	NA	NA
Jeera	100 KGS	Unjha	NA	NA	NA
Pepper	100 KGS	Kochi	NA	NA	NA
Red Chili	100 KGS	Guntur	NA	NA	NA
Turmeric	100 KGS	Nzmbad	9125	9125	8558
Guar Gum	100 KGS	Jodhpur	NA	NA	NA
Maize	100 KGS	Nzmbad	1244.5	1246.5	1226
Wheat	100 KGS	DELHI	1223.3	1215.8	1213.8
Mentha Oil	1 KGS	Chandausi	1141.9	1137	1138.4
Cotton Seed	100 KGS	Akola	NA	NA	NA
Castorsd RJK	100 KGS	Rajkot	4619.5	4631.5	4641
Guar Seed	100 KGS	Bikaner	3100	3113	3140
Soya Bean	100 KGS	Indore	2280	2268.5	2287.5
Mustrdsd JPR	20 KGS	Jaipur	525.4	527.5	525.1
Sesame Seed	100 KGS	Rajkot	5150	5150	5225
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA
Kapaskhali	50 KGS	Akola	1106	1113.5	1102.2
Coconut Oil	100 KGS	Kochi	10400	10504	10608
Refsoy Oil	10 KGS	Indore	605.85	609.6	611.85
CPO	10 KGS	Kandla	514.1	516.3	517.2
Mustard Oil	10 KGS	Jaipur	570.7	573	522.1
Gnutoilexp	10 KGS	Rajkot	810	812.5	810
Castor Oil	10 KGS	Kandla	NA	NA	NA
Crude Oil	1 BBL	Mumbai	4448	4352	4352
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA
Brent Crude	1 BBL	Mumbai	4938	4887	4887
Gur	40 KGS	Muzngr	NA	NA	NA
Sugars	100 KGS	Kolhapur	2669	2669	2671
Sugarm	100 KGS	Delhi	2934	2930	2929
Natural Gas	1 mmBtu	Hazirabad	189.9	189.6	189.6
Rubber	100 KGS	Kochi	22418	22700	23088
Cotton Long	1 Candy	Kadi	NA	NA	NA
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA
Jute	100 KGS	Kolkata	3548	3520	3500
Gold	10 GRMS	Ahmd	21664	21834	21980
Gold Guinea	8 GRMS	Ahmd	17401	17537	17654
Silver	1 KGS	Ahmd	53040	54526	56888
Sponge Iron	1 MT	Raipur	NA	NA	NA
Steel Flat	1000 KGS	Mumbai	NA	NA	NA
Steel Long	1 MT	Gobindgarh	NA	NA	NA
Copper	1 KGS	Mumbai	392.85	392.45	392.45
Nickel	1 KGS	Mumbai	1098.1	1093.9	1107.3
Aluminium	1 KGS	Mumbai	117.6	116.85	117.1
Lead	1 KGS	Mumbai	103.6	102.75	106.35
Zinc	1 KGS	Mumbai	94.55	94.2	96.75
Tin	1 KGS	Mumbai	1293.25	1288.5	1343

(Source: MCX Spot Prices)

999.03 /23.08.07	A taxable service provider outsources a part of the work by engaging another service provider, generally known as sub-contractor. Service tax is paid by the service provider for the total work. In such cases, whether service tax is liable to be paid by the service provider known as sub-contractor who undertakes only part of the whole work.	A sub-contractor is essentially a taxable service provider. The fact that services provided by such sub-contractors are used by the main service provider for completion of his work does not in any way alter the fact of provision of taxable service by the sub-contractor. Services provided by sub-contractors are in the nature of input services. Service tax is, therefore, leviable on any taxable services provided, whether or not the services are provided by a person in his capacity as a sub-contractor and whether or not such services are used as input services. The fact that a given taxable service is intended for use as an input service by another service provider does not alter the taxability of the service provided.

4. Therefore, it is clarified that the services provided by the subcontractors / consultants and other service providers are classifiable as per Section 65 A of the Finance Act, 1994 under respective sub clauses (105) of Section 65 of the Finance Act, 1944 and chargeable to service tax accordingly.

F. No. 137/57/2011 – Service Tax

Exporters can Now Take Trade Samples in Baggage

Subject: Amendment in Paragraph 2.31 of FTP, 2009-14 to allow export of samples as part of passenger baggage.

45-Ntfn(RE) 03.05.2011 (DGFT) In exercise of powers conferred by Section 5 read with Section 3(2) of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) as amended in 2010, and also read with Para 1.3 and Para 2.1 of the Foreign Trade Policy, 2009-2014, (as amended from time to time), the Central Government hereby makes the following amendment in the Foreign Trade Policy, 2009-2014:

2. The following sub-para is added to the existing **Para 2.31** of Foreign Trade Policy, 2009-2014:

"Samples of such items that are otherwise freely exportable under FTP may also be exported as part of passenger baggage without an Authorisation."

3. The effect of this Notification:-

Exporters can now take bonafide trade samples as part of their passenger baggage.

WORLD TRADE SCANNER

BIG's WEEKLY INDEX OF CHANGES

Foreign Trade Policy

CBEC Circulars

Service Tax

This issue contains 8 pages in all

Wheat Quota of 2.50 Lac MTs for Afghanistan through FCI

Subject: Permission to export 2,50,000 MTs of wheat, in the year 2011-12, to Afghanistan, upto 31.03.2012.

44-Ntfn(RE) 02.05.2011 (DGFT) In exercise of the powers conferred by Section 5 of Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government hereby makes, with immediate effect, the following amendment in Notification No. 27(RE-2010)/2009-2014 dated 28.02.2011 read with Notification No. 33(RE-2007)/2004-2009, dated 08.10.2007.

2. In notification number 33(RE 2007) 2004-09 dated 8.10.2007, a new sub para was added on 28.2.2011 by notification number 27 (RE-2010)/ 2009-2014. The contents of this sub para 2.11 is now substituted to read as under:

"2.11 The prohibition imposed by Notification No. 33(RE-2007)/2004-2009, dated 08.10.2007 on export of wheat shall not be applicable to export of 2,50,000 MT of wheat to Afghanistan through Food Corporation of India."

3. The existing entry at para 3 of Notification No. 27(RE-2010)/2009-2014 dated 28.02.2011 is substituted to read as under:

"3. This quantity shall be exported by Food Corporation of India out of the Central Pool stock during the Financial Year 2011-12 i.e. upto 31.03.2012."

4. Effect of this notification:

Notification Number 27 of 28.2.2011 permitted export of 1,00,000 MTs of wheat to Afghanistan, as a donation from Government of India to the Government of Islamic Republic of Afghanistan by 31.3.2011, now the quantity becomes 2,50,000 MTs and time is available upto 31.3.2012 to do so.

Australian Dollar Rises 18% in One Year

Australia will make "substantial" spending cuts in the budget after a rising currency, the nation's costliest natural disasters and Japan's earthquake crimped revenue, Treasurer Wayne Swan said.

The Australian currency's 18 percent gain in the past year has also hurt export revenue, Swan said yesterday. The dollar touched $1.1012 on May 3, the highest level since it began trading freely in 1983.

Owned, Edited, Published and Printed by Arun Goyal and Printed at Mercury Printers, 602 Choori Walan, Delhi
Published from 24/4866, Sheeltara House, Ansari Road, New Delhi 110002. (INDIA) Phone: 2328 1314; Fax: 91-11-23281314
Email:academy.delhi@gmail.com; Website: worldtradescanner.com