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EU Accepts Defeat on Monitors from Japan at WTO

WTO Rules IT Agreement Applies to New Products under the Old Descriptions

The EU has decided not to appeal a WTO dispute ruling against import duties levied by Brussels on high-tech electronic products like flat-panel computer monitors and multi-function printers.

That ruling - a victory for Japan, Taiwan, and the US - held that the EU tariffs violated the Information Technology Agreement (ITA), an accord within the WTO framework that lowered tariffs to zero on 217 tariff lines among participating countries, a group that includes all major traders.

The EU had attempted to justify the duties by arguing that the "new generation" high-tech products, which were developed after the ITA's 1997 entry into force, were consumer goods rather than IT products.

The EU's decision paved the way for the WTO Dispute Settlement Body to adopt the panel's August ruling at a meeting on 21 September. The offending duties, which Brussels will now remove, were estimated to be costing exporters in the three countries hundreds of millions of dollars.

Brussels has long called for formal negotiations to update the ITA, arguing that the evolution of the agreement should not be left to the WTO's dispute settle mechanism. It also contends that with non-tariff barriers having supplanted duties as the foremost burden facing the producers of high-tech goods, new rules are necessary to facilitate expanded trade.

"As in any dispute, there are certain aspects where we would have preferred the panel to rule differently," said John Clancy, the EU's trade spokesperson, in a 21 September statement. "On balance, however, the EU has decided it was preferable not to appeal this report and will instead focus its efforts on implementation and - in the hope other WTO Members will now engage - negotiations of an updated ITA which will be fit for the 21st century."

Although the ITA contains provisions for reviewing product coverage and addressing non-tariff barriers, these processes have been fruitless to date.

US Slaps CVD on Art Paper from China and Indonesia

The US Commerce Department had determined that some kinds of glossy magazine paper imported from China and Indonesia receive unfair subsidies and are dumped into the US market at prices below cost. The anti-dumping duties will range as high as 135.83 percent for China and 20.13 percent for Indonesia; countervailing duties to offset subsidies will go up to 17.94 percent for Indonesia and 178.03 percent for China. The duties will vary depending on the exporting firm. US companies had complained that debt forgiveness, cheap electricity and access to timber at below world market rates were giving their Chinese and Indonesian counterparts an unfair advantage. Preliminary duties have been imposed since April and May, according to Bloomberg, and the US International Trade Commission is



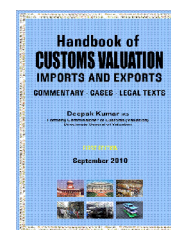
Dr. Anup K Pujari is taking over as the Directorate General of Foreign Trade (DGFT) very soon. His name was approved for the post by the ACC (Appointment Committee of the Cabinet) after a long drawn selection procedure in which a panel of three contestants remained in the last round.

(Currently Mr. P.K. Chaudhery, Additional Secretary in Ministry of Commerce is holding temporary charge of the DGFT fort after RS Gujral moved to Road Transport as Secretary).

Pujari is a known face in the corridors of Udyog Bhawan where he has served earlier as Additional DGFT during L Mansingh's time as DGFT in the 2000-2003 period. Pujari is also a learned man and has lectured in many Universities including Harvard. He Specialises in economics and law. He is an IAS officer of Karnataka Cadre (1980 batch).

He is known for his simplicity in behavior and solution oriented approach to problems. Exporters and Importers can expect stability in the policy regime since Pujari will be in the DGFT post for around four years before he moves on to the higher rank of Secretary.

Releasing on 15th October 2010 in Mumbai



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to issue a separate ruling on them in November.

Last week, the Chinese state-run People's Daily newspaper said that the US Commerce Department had calculated final anti-dumping

duties of 48.99 to 98.74 percent and final countervailing duties of 13.66 to 53.65 percent on seamless steel pipe imports from China.

EU Zeroes on Pak for Tariff Cuts

EU member states have agreed to temporarily waive tariffs on imports from Pakistan, in an attempt to support economic recovery in the flood-stricken country. But the duration, coverage, and depth of the proposed trade concessions remain to be determined.

The European Council agreed on 16 September "to grant exclusively to Pakistan increased market access to the EU through the immediate and time-limited reduction of duties on key imports from Pakistan," to be implemented "as soon as possible." It asked the European Commission, the EU's executive body, to present a proposal for specific concessions in October.

Two caveats in the Council's decision are potentially significant for Pakistani exporters. First, the Commission was asked to account for industrial sensitivities in the EU when formulating its proposal. Second, the tariff cuts are to be "in conformity with WTO rules." Strictly speaking, granting tariff concessions to Pakistan while denying them to other developing countries would require a WTO waiver, which, in turn, would need the assent of geopolitical and commercial rivals such as India and China. (The EU could, however, cut its MFN tariffs on a basket of products in which Pakistan is particularly competitive, such as textiles, although this would also benefit exporters in other countries.)

The Council, which had been meeting to review the European Union's collective foreign policy, also called for the EU to make Pakistan eligible for trade preferences under Europe's "GSP-plus" scheme from 2014, provided it meets the necessary conditions. Under that scheme, the EU grants expanded trade concessions to developing countries that ratify and implement certain international conventions on human rights, core labour standards, sustainable development and good governance.

There are clear precedents for using trade concessions to help places hit by natural disasters. Following the Indian Ocean tsunami in 2004, the EU and the US extended trade benefits under their respective Generalised System of Preferences schemes to affected countries, in some cases relaxing rules of origin requirements to make it easier for goods to qualify for low-tariff or duty-free treatment.

On the other hand, the grounds for granting countries "GSP-plus" concessions more generous than those available to all developing countries under the Generalised System of Preferences have proved contentious in the past. In 2004, India successfully secured a WTO ruling against the EU's granting of GSP-plus treatment to Pakistan and 11 other countries as a reward for fighting drug production and trafficking. The Appellate Body found that unlike the ratification and implementation of labour and environmental agreements, the EU's "drug arrangements" had not created an "objective standard" that other countries could try to meet.

Manzoor Ahmad, Pakistan's former ambassador to the WTO, told that the easiest way for the EU to grant Pakistan better market access would be to make a small adjustment to its GSP-plus eligibility criteria. Currently, countries cannot receive GSP-plus tariff treatment if they represent over 1 percent of total EU imports under the GSP scheme. Pakistan is barely over this threshold, Ahmad noted, representing some 1.1 percent of the EU's GSP-covered imports. Raising this to 1.5 or 2 percent would give Pakistani textile exporters substantially improved market access. The threshold would be an objective measure, applicable to all countries that qualify, and thus would provide less scope for complications at the WTO. Ahmad said that Pakistan had implemented the international conventions that are the other requirements for GSP-plus qualification.

A bill pending before the US Senate proposes granting duty-free access to exports from designated areas in Afghanistan and Pakistan's border regions, with the goal of stimulating economic activity and discouraging violent extremism. Writing in *The News* - a Pakistani newspaper - last month, Ahmad, the former senior trade official, called for flood-affected areas to be included in these 'reconstruction opportunity zones'. The House of Representatives passed a bill with similar provisions in 2009, but it has gotten bogged down in Congress's upper chamber.

According to the United Nations, the floods triggered by heavy rains at the end of July, have covered an area larger than England, affecting

Veteran Editor RK Roy Passes Away

RK Roy, former Resident Editor of the Financial Express and also the Economic Times, Times of India and Economic and Political Weekly, died at his Pune residence on Monday, 2 August morning after suffering from lung cancer for over a year.

Most of Roy's major scoops on banking and public finance made front page headlines in the 1960s and 1970s, the best remembered of which was Indira Gandhi's decision to nationalise 14 major banks in 1969.

RK was among the senior edit writer and columnists, specially on money and banking. He was, above all, a good teacher and mentor for financial journalists in the making.

He is survived by his wife Laxmi who is also an established journalist. His son is a London based economist.

RK gave a lot of support, love and guidance to me. The editor and staff of Academy of Business Studies stand in homage to the Great Man.

- Arun Goyal -

more than 20 million people in Pakistan, and causing immense damage to crucial economic infrastructure and livelihoods.

ADB Chief says Export-led Growth Model Based on Western Demand is dead, Rely on Domestic Demand

Meanwhile, the head of the Asian Development Bank said that the export-led growth model that has underpinned unprecedented poverty reduction in East Asia will no longer be a vehicle for breakneck growth.

Speaking to Reuters on the sidelines of the summit in New York, ADB President Haruhiko Kuroda said that as US and European consumers shore up household balance sheets that were damaged during the financial crisis, they will no longer be in a position to purchase large quantities of Asian exports.

"Asian countries should pursue another development model based on domestic demand and regional demand, rather than external demand," Kuroda told Reuters.

Kuroda singled out China, saying that while smaller economies might be able to expand

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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
27-Sep-10	45.1050	45.2200	45.0075	45.0400	45.0400	381317	1531183	690894.65	45.0400
24-Sep-10	45.5900	45.6100	45.2525	45.2950	45.2950	465749	4188838	1903848.10	45.5400
23-Sep-10	45.6225	45.7300	45.5850	45.6600	45.6600	465823	3800420	1735175.86	45.5900
22-Sep-10	45.5350	45.6550	45.4900	45.6200	45.6200	472652	3524342	1606247.20	45.5300
21-Sep-10	45.6375	45.8700	45.5500	45.7175	45.7175	504533	3959886	1811018.08	45.7300

[Source: NSE and RBI Website]

DoT Permission Must for Satellite Phone Import

Passengers should Declare Possession to Customs

Subject: *Illegal use of Satellite Phones in India.*

37-CBEC 24.09.2010 (DoR) Attention is invited to the existing guidelines of Department of Telecommunications (DOT), Ministry of



Communications and Information Technology, Government of India whereby use of any kind of satellite phone in India is permissible only after obtaining a licence from the DOT. Presently, use of specific types of INMARSAT terminal only is permitted by the DOT, while use of 'Thuraya' satellite phone in India without specific permission of DOT is illegal. Thus, unauthorized use of a satellite phone in India attracts penal provisions under section 20 and 21 of the Telegraph Act, 1885 for violation of provisions of section 4 of the said Act.

2. Instances have come to the notice that satellite phones are being brought into India via baggage and being used by anti-national elements which poses a serious security threat. Accordingly, the Board has taken a serious note of unauthorized use of satellite phone in India after import through passenger baggage. It is, therefore, decided that arriving passengers importing satellite telephone as baggage shall be required to declare the same to the Customs on arrival. Furthermore, it is necessary to alert all arriving passengers to their responsibility to

make such declaration.

3. Any such satellite phone declared to Customs shall be allowed clearance subject to production of permission for use from DOT, Government of India. Satellite phones imported for use in India without a valid permission of DOT may be detained and appropriate action in accordance with the law may be initiated.

4. It has been decided by the Ministry of Home Affairs that a display Board will be placed at the Arrival side of the Immigration at all the ICPs regarding obligation of the travelers to declare whether they are carrying any satellite phone, to the Customs authorities. In this regard, the Customs part of the Arrival Card and Customs part of the 'Important Instructions' to be filled in by arriving passengers at International airports is also being revised by MHA.

5. It is desired that Deputy / Assistant Commissioner on duty at the Airport should remain vigilant to check against any attempt to import Satellite phones without declaration to Customs.

6. These instructions should be strictly complied with and any lapse will be viewed seriously.

7. Difficulty, if any, in implementation of aforementioned instructions may be immediately brought to the notice of the Board.

F. No.520/22/2010-Cus.VI

lished in the Gazette of India, Extraordinary, Part I, Section 1, dated the 21st May, 2010, had come to the conclusion that-

(i) the subject goods had entered the Indian market from the subject country at prices less than their normal values in the domestic market of the exporting country;

(ii) the dumping margins of the subject goods imported from the subject country were substantial and above de minimis (2%);

(iii) the domestic industry had suffered material injury and the injury had been caused to the domestic industry, both by volume and price effect of dumped imports of the subject goods originating in or exported from the subject country;

and had recommended imposition of provisional anti-dumping duty on the imports of subject goods, originating in, or exported from, the subject country;

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 9A of the said Customs Tariff Act read with rules 13 and 20 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, on the basis of the aforesaid findings of the designated authority, hereby imposes on the goods, the description of which is specified in column (3) of the Table below, falling under sub heading of the First Schedule to the said Customs Tariff Act specified in the corresponding entry in column (2), originating in the country specified in the corresponding entry in column (4), and exported from the country specified in the corresponding entry in column (5) and produced by the producer specified in the corresponding entry in column (6) and exported by the exporter specified in the corresponding entry in column (7), and imported into India, an anti-dumping duty at the rate equal to the amount indicated in the corresponding entry in column (8), in the currency specified in the corresponding entry in column (10) and per unit of measurement specified in the corresponding entry in column (9) of the said Table.



Provisional Anti-dumping Duty Imposed on STPP from China

Ntfn 96 21.09.2010 (DoR) Whereas in the matter of imports of Sodium Tripoly Phosphate (STPP) (hereinafter referred to as the subject goods), falling under sub heading 2835 31 00 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred as the

said Customs Tariff Act), originating in, or exported from, People's Republic of China (hereinafter referred as the subject country) and imported into India, the designated authority in its preliminary findings vide notification No. 14/25/2009-DGAD, dated the 21st May, 2010, pub-

Table

SNo.	Sub Heading	Description of Goods	Country of Origin	Country of Export	Producer	Exporter	Duty Amount	Unit of Measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	2835 31 00	Sodium Tripoly Phosphate (STPP)	People's Republic of China	People's Republic of China	Sichuan Jinguang Industrial Group Co., Ltd.	Sichuan Jinguang Industrial Group Co., Ltd	0.307	Kg	USD
2.	2835 31 00	-do-	People's Republic of China	People's Republic of China	Guizhou Wengfu Gene-Phos Chemical Co., Ltd.	Wengfu Intertrade Ltd.	0.342	Kg	USD
3.	2835 31 00	-do-	People's Republic of China	People's Republic of China	Yibin Tianlan Chemical Co., Ltd.	Yibin Tianyuan Group Co., Ltd	0.357	Kg	USD
4.	2835 31 00	-do-	People's Republic of China	People's Republic of China	Sichuan Blue Sword Chuanxi Phosphochemicals Co., Ltd.	Sichuan Blue Sword Import & Export Co., Ltd.	0.294	Kg	USD
5.	2835 31 00	-do-	People's Republic of China	People's Republic of China	Any Combination of producer and exporter other than Sl. No. 1 to 4		0.671	Kg	USD
6.	2835 31 00	-do-	People's Republic of China	Any country other than People's Republic of China	Any	Any	0.671	Kg	USD
7.	2835 31 00	-do-	Any country other than People's Republic of China	People's Republic of China	Any	Any	0.671	Kg	USD

Conversion of Shipping Bills from One Scheme to Another after Exports Permitted within Three Months of LEO

Custom Commissioner to Decide Case to Case Basis under Section 149 of Customs Act, 1962

No Conversion of Free Shipping Bill to DGFT Scheme

New Measure to Operate only on or after 23 September 2010

Sub: Conversion of free shipping bills to export promotion scheme shipping bills and conversion of shipping bills from one scheme to another.

36-CBEC I am directed to invite
23.09.2010 attention to the Board's
(DoR) circular No.4/2004-Cus dated
16.01.2004 which debar

conversion of free shipping bills to Advance License/DFRC/DEPB shipping bills and allows conversion of shipping bills from one export promotion scheme to another only where the benefit of an export promotion scheme claimed by the exporter has been denied by the DGFT/MoC&I or Customs due to any dispute.

2. It has been represented to the Board that the norms for allowing conversion of shipping bills may be relaxed and the Commissioners should be allowed to consider requests for conversion of shipping bills from free to export promotion scheme and from one export promotion scheme to another on a case to case basis depending on the merits of the case. It has also come to notice of the Board that the Tribunals in a series of judgments have held that amendment to shipping bill after export of goods is governed by the proviso to section 149 of the Customs Act, 1962 and if the requirements of the said proviso are satisfied, conversion of shipping bill should be allowed. The conversion of the shipping bill from one scheme to another cannot be linked with denial of benefit of one scheme by DGFT/MoC&I or Customs due to some dispute as no such condition for amendment of shipping bill has been provided in section 149 of Customs Act, 1962.

3. The issue has been re-examined in light

of the above. It is clarified that Commissioner of Customs may allow conversion of shipping bills from schemes involving more rigorous examination to schemes involving less rigorous examination (for example, from Advance Authorization/DFIA scheme to Drawback/DEPB scheme) or within the schemes involving same level of examination (for example from Drawback scheme to DEPB scheme or vice versa) irrespective of whether the benefit of an export promotion scheme claimed by the exporter was denied to him by DGFT/DOC or Customs due to any dispute or not. The conversion may be permitted in accordance with the provisions of section 149 of the Customs Act, 1962 on a case to case basis on merits provided the Commissioner of Customs is satisfied, on the basis of documentary evidence which was in existence at the time the goods were exported, that the goods were eligible for the export promotion scheme to which conversion has been requested. Conversion of shipping bills shall also be subject to conditions as may be specified by the DGFT/MOC. The conversion may be allowed subject to the following further conditions:

a) The request for conversion is made by the exporter within three months from the date of the Let Export Order (LEO).

b) On the basis of available export documents etc., the fact of use of inputs is satisfactorily proved in the resultant export product.

c) The examination report and other endorsements made on the shipping bill/export documents prove the fact of export and the export product is clearly covered under relevant SION and or DEPB/Drawback Schedule as the

case may be.

d) On the basis of S/Bill/export documents, the exporter has fulfilled all conditions of the export promotion scheme to which he is seeking conversion.

e) The exporter has not availed benefit of the export promotion scheme under which the goods were exported and no fraud/misdeclaration /manipulation has been noticed or investigation initiated against him in respect of such exports.

4. Free shipping bills (shipping bills not filed under any export promotion scheme) are subject to 'nil' examination norms. Conversion of free shipping bills into EP scheme shipping bills (advance authorization, DFIA, DEPB, reward schemes etc.) should not be allowed. However, the Commissioner may allow All Industry Rate of duty drawback on goods exported under free shipping bill, without conversion of such free shipping bill to Drawback Scheme shipping bill, in terms of the proviso to rule 12(1) (a) of the Customs, Central Excise and Service Tax Drawback Rules, 1995.

5. Due care may be taken while allowing conversion to ensure that the exporter does not take benefit of both the schemes i.e. the scheme to which conversion is sought and the scheme from which conversion is sought. Whenever conversion of a shipping bill is allowed, the same should be informed to DGFT so that they may also ensure that the exporter does not take benefit of both the schemes.

6. This circular supersedes the Board circular No.4/2004-Cus dated 16.01.2004 and the earlier circulars issued in the past on this issue. This circular shall be applicable only to shipping bills filed on or after the date of issuance of this circular. Till such time as EDI system is modified to allow conversion of shipping bill in the EDI system, conversion may be allowed manually.

7. A suitable Public Notice for information of the Trade and Standing Order for guidance of the staff may be issued. Difficulties faced, if any in implementation of the directions may be brought to the notice of the Board.

F.No.609/12/2009-DBK

2. The anti-dumping duty imposed under this notification shall be effective upto and inclusive of the 20th March, 2011 and shall be payable in Indian currency.

Explanation. - For the purposes of this notification, rate of exchange applicable for the purposes of calculation of such anti-dumping duty shall be the rate which is specified in the notifi-

cation of the Government of India, in the Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Customs Act.

[F.No.354/106/2010 -TRU]

other class of imported goods. Section 2 (25) defines "imported goods" as any goods brought into India from a place outside India but does not include goods which have been cleared for home consumption. Further, "goods" has been defined under section 2 (22) as to include, inter alia, vessels, aircrafts and vehicles. Hence, these are subject to the same procedure i.e. filing of IGM, Bill of Entry, payment of duty, if any etc., as is applicable in case of other imported goods.

3. Accordingly, it is instructed that the requirement for filing of these documents should be complied with even in cases, where goods are exempt from payment of any duty. Therefore, the jurisdictional Commissioners should review the situation, and take appropriate action for past cases, including adjudication, if warranted. Further, Chief Commissioners may make a reference to the Board for appointment of a common adjudication authority, if so desired, for these cases.

Bill of Entry Filing Must Even for Zero Duty Indian Flag Vessels

[Ref: F. No.450/79 /2010-Cus.IV dated 23rd September 2010]

Subject: Procedure followed for import of Indian vessels and filing of Bill of Entry, IGM.

I am directed to invite your attention to the above-mentioned subject, and state that instances have been brought to notice of the Board that certain ship-owners of Indian flag vessels have imported vessels, which are exempt from payment of duty, without filing Bill of

Entry and Import General Manifest (IGM).

2. In this connection, it is stated that at the time of their import into India the status of these vessels, which are meant for plying on Indian ports as coastal vessels or as Indian flag foreign going vessels etc., is the same as that of any

CBEC Clarification on Annual Supplement to FTP 2009-2014

Sub: Foreign Trade Policy (FTP), 2009-14.

38-CBEC The Annual Supplement to the 27.09.2010 Foreign Trade Policy (DoR) (hereinafter referred to as the FTP), 2009-2014 and the Handbook of Procedures (Vol.I) (hereinafter referred to as the Handbook) have been notified by the DGFT vide notification No. 1(RE-2010) / 2009-2014 dated 23rd August 2010 and Public Notice 1(RE-2010)/2009-14 dated 23rd August 2010 respectively. The Department of Revenue has since issued notification Nos.88/2010-Cus, 89/2010-Cus & 90/2010-Cus all dated 01.09.2010, 91/2010-Cus dated 06.09.2010, 92/2010-Cus dated 10.09.2010, 93/2010-Cus dated 14.09.2010 & 97/2010-Cus dated 21.09.2010 to implement the Policy and the Handbook. The FTP, Handbook and the above mentioned notifications may please be perused for details. The salient features of the changes are discussed below:

I. New schemes

Annual Export Promotion Capital Goods scheme
The annual supplement has introduced a provision in para 5.2 D of the FTP that EPCG Authorization can also be issued for annual requirement to Status Certificate Holders and all other categories of exporters having past export performance (in preceding two years), both under zero duty and 3% duty Schemes. The authorization for annual requirement may not indicate the capital goods which can be imported under the authorization. However, the authorization shall indicate export product(s) to be exported under the authorization. The authorization holder shall submit a Nexus Certificate from an independent Chartered Engineer (CEC), certifying nexus of imported capital goods with the export product, to the Customs authorities at the time of clearance of imported capital goods. Notification No. 92/2010-Cus dated 10.09.2010 refers in this regard.

II. Changes in the existing Export Promotion schemes

(1) Zero duty Export Promotion Capital Goods (EPCG) Scheme

This scheme has been extended upto 31.3.2012. Further, the scheme has been expanded by adding some more sectors like rubber products, paints and varnishes, glass and glassware, ceramics, paper, books, animal by-products, ossein and gelatine, graphite products and explosives, marine products, sports goods and toys, engineering products (iron & steel, pipes and tubes and ferro alloys). Notification no. 92/2010-Cus dated 10.09.2010 may please be referred.

(2) Status Holder Incentive Scheme (SHIS)

This scheme has been extended upto 31.3.2012 and has been expanded by adding some more sectors rubber products, paints and varnishes, glass and glassware, ceramics, paper, books, animal by-products, ossein and gelatine, graphite products and explosives, sports goods and toys, electronic products, engineering products (iron & steel, steel pipes, tubes and fittings thereof and ferro alloys). Notification no. 92/

2010-Cus dated 10.09.2010 has been issued in this regard.

(3) Applicability of benefits under Zero Duty EPCG & SHIS schemes

Para 5.1A to HBPv.1(2009-14) as notified on 27-08-2009 provided that benefit of Zero Duty EPCG Scheme & SHIS shall not be simultaneously available in the same year. The HBPv.1 (RE 2010) has made this provision clear by providing in para 3.10.3 to the effect that SHIS scrips will not be issued in the year in which Zero Duty DPCG authorization has been issued and that the SHIS scrips which are not issued in a particular year for the reason that Zero Duty EPCG authorization has been issued in that year shall not be issued in subsequent years also. The Customs notifications Nos. 101/2009-Cus dated 11.09.2009, 102/2009-Cus dated 11.09.2009 and 104/2009-Cus dated 14.09.2009 have been accordingly amended vide notification No. 92/2010-Cus dated 10.09.2010.

(4) Served From India Scheme (SFIS)

As per existing Notification No. 91/2009-Cus, import of vehicles is not allowed under the Served From India Scheme(SFIS), even if such vehicles are freely importable under the Foreign Trade Policy. However, after the announcement of Annual supplement to the Foreign Trade Policy, vehicles which are in the nature of professional equipment such as Airfield Fire Fighting and Rescue Vehicles (AFFRVs), Heavy Duty Modular Trailer Combination, Reach Stackers etc. for use by the service provider in his regular service business have been allowed to be imported against SFIS scrips. However, personal vehicles such as motor cars/ Sports Utility Vehicles(SUVs) / Multi Utility Vehicles (MUVs) etc. are not permitted to be imported against SFIS scrips. Notification no. 90/2010-Cus dated 01.09.2010 refers in this regard.

(5) Agri-Infrastructure Incentive Scrip (AIIS).

The Agri Infrastructure Scrips (AIIS) issued under para 3.13.4 of the FTP Vishesh Krishi Gram Udyog Yojana (VKGUY) can now be transferred to units in Parks recognized by the Ministry of Food Processing Industries, for import of cold chain equipment. This facility, however, shall not be allowed to developers of Agri parks. The Notification no. 90/2010-Cus dated 01.09.2010 has been issued in this regard.

(6) Advance Authorization Scheme

The goods imported under Advance Authorization for Annual Requirement have been exempted from anti-dumping duty & Safeguard duty on the same lines as the goods imported under normal advance authorization scheme. Notification no. 90/2010-Cus dated 01.09.2010 may please be referred.

(7) DEPB Scheme

There is no change in the scheme except that the scheme shall now be valid upto 30.06.2011. Necessary amendments in the existing Notification No. 97/2009-Cus dated 11.9.2009 will be made at the appropriate time.

III. Miscellaneous changes

(i) The export duty on export of imported raw hides & skins and semi-processed leathers

Zonal Head Advises Not to Issue SHIS for Basic Chemicals Pending Clarification on Scope

The following Circular was issued by the DGFT Mumbai Zonal Office on 24th September 2010.

02-TN Attention of all concerned is
24.09.2010 invited to Para 3.16.4 of
(DGFT) Foreign Trade Policy,
2009-14 wherein "basic
chemicals (excluding Pharma products)" has been mentioned as one of the sectors eligible for Status Holder Incentive Scheme (SHIS).

There is lack of clarity as to which export products get covered under the category of Basic Chemicals.

The matter is under reference to Policy Division of head office of Directorate General of Foreign Trade, New Delhi. Pending receipt of clarification from Policy Division of headquarters, all concerned are advised not to issue SHIS in respect of exports under the above mentioned sector, ie. Basic Chemicals (excluding Pharma products).

This issues with the approval of competent authority.

from bonded warehouse, has been reduced from the present level of 60% to Nil. The Notification No. 88/2010-Cus dated 01.09.2010 refers in this regard.

(ii) The import of duty free embellishments has been allowed to polyester made-ups in line with the facility available to cotton made ups. The Notification No. 21/2002-Cus dated 01.03.2002 has been amended vide Notification No. 89/2010-Cus dated 01.09.2010 accordingly.

(iii) The import of duty free embellishments has been allowed to handloom made-ups also in line with the facility available to cotton made ups (other than handloom). The Notification No. 21/2002-Cus dated 01.03.2002 has been amended vide Notification No. 91/2010-Cus dated 06.09.2010 accordingly.

(iv) The list of existing items which are allowed duty free for Gem and Jewellery sector has been extended and items, namely, tags and labels, security sensors on cards, staple fibre, poly bags, if imported by the Gem and Jewellery sector have been permitted within the overall limits already allowed under the scheme. The notification No. 97/2010-Cus dated 21.09.2010 amending existing notification no. 41/1999-Cus dated 28.04.1999 has been issued in this regard.

(v) Five new ports including Ennore (Tamil Nadu) have been notified for the purpose of imports and exports under Export promotion Schemes.

IV. These instructions may be brought to the notice of the trade / exporters by issuing suitable Trade / Public Notices. Suitable Standing orders/instructions may be issued for the guidance of the assessing officers. Difficulties faced, if any in implementation of the Circular may please be brought to the notice of the Board at an early date.

F.NO.605/33/2010-DBK

Superintendent of Central Excise given Powers to Handle Service Tax Case upto Rs 1 lakh

Subject: Powers of adjudication of Central Excise Officers in Service Tax cases – instructions.

130-ST
20.09.2010
(DoR)
Attention is invited to Board's Circular No. 80/1/2005 – ST dated 10.05.2005 and No. 97/8/2007 dated 23.08.2007

(para12.2) which specifies uniform monetary limits for adjudication of cases under section 73 and section 83 A of the Finance Act, 1994. At present adjudication powers in Service Tax cases have been delegated upto the level of Assistant Commissioners and Superintendents were not vested with any authority to adjudicate cases.

The Board has decided to confer the power of adjudication on Superintendents for cases involving service tax upto Rs. 1 lakh in a show cause notice, except in respect of issues relating to taxability of services, valuation of services and cases involving extended period. Accordingly the monetary limits for adjudication of cases has been revised vide Notification No. 48/2010-Service Tax dated 8th September 2010.

2. The revised monetary limits are as follows:

Table I

SNo.	Central Excise Officer	Amount of service tax or CENVAT credit specified in a notice for the purpose of adjudication under Section 83A
(1)	(2)	(3)
(1)	Superintendent of Central Excise	Not exceeding Rs. one lakh (excluding the cases relating to taxability of services or valuation of services and cases involving extended period of limitation.)
(2)	Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise	Not exceeding Rs. five lakhs (except cases where Superintendents are empowered to adjudicate.)
(3)	Joint Commissioner of Central Excise	Above Rs. five lakhs but not exceeding Rs. fifty lakhs
(4)	Additional Commissioner of Central Excise	Above Rs. twenty lakhs but not exceeding Rs. fifty lakhs
(5)	Commissioner of Central Excise	Without limit.

The revised monetary limits for the purpose of adjudication under section 73 are as specified as below,-

Table – II

SNo.	Central Excise Officer	Amount of Service Tax or CENVAT credit specified in a notice for the purpose of adjudication
(1)	(2)	(3)
(1)	Superintendent of Central Excise	Not exceeding Rs. one lakh (excluding the cases relating to taxability of services or valuation of services and cases involving extended period of limitation.)
(2)	Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise	Not exceeding Rs. five lakhs (except cases where Superintendents are empowered to adjudicate.)
(3)	Joint Commissioner of Central Excise	Above Rs. five lakhs but not exceeding Rs. fifty lakhs
(4)	Additional Commissioner of Central Excise	Above Rs. twenty lakhs but not exceeding Rs. fifty lakhs
(5)	Commissioner of Central Excise	Without limit.

3. In respect of the above powers of adjudication conferred on the Superintendents, it is clarified as under,-

(i) The Superintendents would be competent to decide cases that involve Service Tax and / or CENVAT credit upto Rs. one lakh in individual show cause notices.

(ii) They would not be competent to decide cases that involve taxability of services, valuation of services, eligibility of exemption and cases involving suppression of facts, fraud, collusion, willful mis-statement etc.

(iii) They would be competent to decide cases involving wrong availment of CENVAT credit upto a monetary limit of Rs. one lakh.

(iv) The jurisdictional Commissioners of Central Excise may redistribute the pending cases in the Commissionerate based on above factors. It is further clarified that notwithstanding this revision, in all cases, where the personal hearing

has already been completed, orders will be passed by the officer before whom the hearing has been held. Such orders should normally be issued within a month of the date of completion of the personal hearing.

(v) It may also be noted that the age-wise pendency of cases as shown in the Monthly Technical Report should be reported based on the date of issuance of show cause notice and not on the basis of transfer of cases to the new Adjudicating Authority. The jurisdictional Commissioners should ensure that the work of re-allocation of the pending cases, issuance of corrigendum to the Show Cause Notices, transfer of relevant files and records etc, should be completed in a time-bound manner at the most within a month. A compliance report in this regard should be sent to the Chief Commissioner by the Commissioner, who in turn, should submit the details to the DGST by 30th September 2010. DGST will consolidate and submit a

No Individual Notification Required for New Services Notified through Finance Act, 2010

Subject: New services notified through the Finance Act 2010 (14 of 2010) and classification under the Export of Services Rules 2005 and Taxation of Services (Provided from Outside India and Received in India) Rules, 2006.

129-ST
21.09.2010
(DoR)
It has been brought to the notice of the Board that the service tax payers have raised doubts in determining the Export/Import of the new services introduced vide the Finance Act 2010(14 of 2010), as they have not been notified under the respective categories of services enlisted under the Export of Services Rules 2005 and Taxation of Services (Provided from Outside India and Received in India) Rules, 2006.

2. It is to inform that as all the new services notified through the Finance Act 2010 (14 of 2010) falls in category (iii) of clause (3) of services listed in the Export of Services Rules 2005 and Taxation of Services (Provided from Outside India and Received in India) Rules, 2006, (residual category), no notification regarding individual classification was issued.

F.No.354/141/2010-TRU

Motor Vehicle Spares Included for Cenvat Credit against Vehicle Services

29-CE(NT)
24.09.2010
(DoR)
In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944) and section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the CENVAT Credit Rules, 2004, namely:-

1. (1) These rules may be called the CENVAT Credit (Fifth Amendment) Rules, 2010.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the CENVAT Credit Rules, 2004, in rule 2, in clause (a), after sub-clause (C), the following sub-clause shall be inserted, namely:-

“(D) components, spares and accessories of motor vehicles, dumpers or tippers, as the case may be, used to provide taxable services as specified in sub-clauses (B) and (C).”

[F. No. 354/ 33/ 2009-TRU (Pt.1)]

report to the Board by 15.10.2010 to the effect that all the work regarding re-allocation of cases has been completed.

4. The contents of this circular may be suitably brought to the notice of the field formations and the Trade.

F. No. 137/68/2010 – CX. 4



Focus Products Bonus Benefits Extended to Handloom Carpets, Cotton Durries and Rugs

Subject: Minor corrections in Public Notice No. 2 (RE2010)/2009-14 dated 23.8.2010.

10-PN(RE) In exercise of powers conferred under paragraph 2.4 of
22.09.2010 the Foreign Trade Policy, 2009-2014, the Director
(DGFT) General of Foreign Trade hereby makes the following
amendments/corrections in the Handbook of Procedures

Vol.1 (Appendices and Aayat Niryat Forms) 2009-2014:-

1. Handloom Products codes 57024230, 57050024, and 57050042 are deleted from the description of Sr. No. 28 of Table 1 of Appendix 37D, since these handloom products are already covered by Sr. No. 11 of Table 2 of Appendix 37D.

2. After Sr. No. 141 and before Sr. No. 143 in Table 7 of Appendix 37D, the following is added for exports made from 1.4.2010 onwards:

TABLE 7: FOCUS PRODUCT(S)/SECTOR(S) - BONUS BENEFITS

SNo.	FPS Product Code	ITC (HS) Code	Description
142	142		HANDBLOOM PRODUCTS CODES 57024230, 57050024 AND 57050042 COVERED BY SR.NO. 11 OF TABLE 2 OF APPENDIX 37D.

This issues in public interest.

No DEPB on Packing Material for Cotton Yarn Pending Clarification, Says ZDGFT

The following Circular was issued by the DGFT Mumbai Zonal Office on 6th September 2010.

01-TN Attention of all concerned is invited to Public Notice No.
06.09.2010 57/2009-2014 dated 21st April, 2010 which state that
(DGFT) export of "Cotton yarn including Melange Yarn"
appearing at DEPB entry sl. no. 78 of the Product Group

"Textiles" shall not be entitled for DEPB benefit with immediate effect.

A doubt has been expressed from certain quarters as to whether export of cotton yarn on or after 21.04.2010 shall also not be eligible for DEPB benefit under serial no. 22 D of Miscellaneous Product group of DEPB rate schedule (i.e. DEPB benefit for packing material).

Zonal Joint Director General of Foreign Trade, Mumbai, has discussed the issue with JDG (Policy) in the head office of the Directorate and it has been decided to seek written clarification on the matter.

All concerned are, in the meantime, advised not to issue any DEPB against export of "cotton yarn including mélange yarn" made on or after 21.04.2010 even under serial no. 22 D of Miscellaneous Product group of DEPB rate schedule till further orders.

This issues with the approval of competent authority.

Customs Valuation Exchange Rates

September 2010 Imports Exports

Schedule I

1	Australian Dollar	42.15	40.90
2	Canadian Dollar	44.85	43.60
3	Danish Kroner	8.10	7.85
4	EURO	60.35	58.70
5	Hong Kong Dollar	6.10	5.95
6	Norwegian Kroner	7.60	7.35
7	Pound Sterling	73.70	71.80
8	Swedish Kroner	6.40	6.20
9	Swiss Franc	46.10	44.85
10	Singapore Dollar	35.00	34.05
11	U.S. Dollar	47.25	46.30

Rate of exchange of one unit of foreign currency equivalent to Indian Rupees

Schedule II

1	Japanese Yen	55.95	54.35
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Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

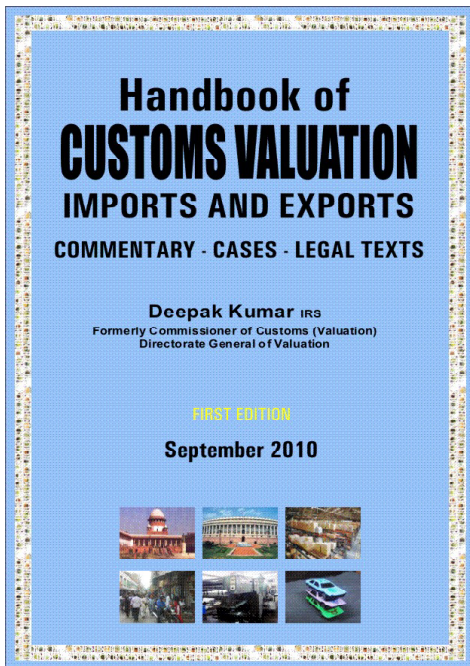
(Source: Customs Notification 77(NT)/27.08.2010)

Commodity Spot Prices in India – 24-27 September 2010

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

						(Rs.)
Commodity	Unit	Market	24-Sep	25-Sep	27-Sep	
CER (Carbon Trading)	1 MT	Mumbai	809	820	820	
Chana	100 KGS	Delhi	2280	2310	2307	
Masur	100 KGS	Indore	3431	3475	3460	
Potato	100 KGS	Agra	552.5	563.6	577.2	
Potato TKR	100 KGS	Tarkeshwar	NA	NA	NA	
Areca nut	100 KGS	Mangalore	NA	NA	NA	
Cashewkern	1 KGS	Quilon	NA	NA	NA	
Cardamom	1 KGS	Vandanmedu	1103.5	1110.3	1160.2	
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	13925	13925	14088	
Guar Gum	100 KGS	Jodhpur	NA	NA	NA	
Maize	100 KGS	Nzmbad	1166.5	1174	1167.5	
Wheat	100 KGS	Delhi	1265.8	1264.6	1262.1	
Mentha Oil	1 KGS	Chandausi	962.3	966.4	965.2	
Cotton Seed	100 KGS	Akola	NA	NA	NA	
Castorsd RJK	100 KGS	Rajkot	3968	3906.5	3731.5	
Guar Seed	100 KGS	Bikaner	1950	2001	1982	
Soya Bean	100 KGS	Indore	2020	2035.5	2014.5	
Mustrdsd JPR	20 KGS	Jaipur	547.9	553.1	554.1	
Sesame Seed	100 KGS	Rajkot	5750	5842	5825	
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA	
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA	
Kapaskhali	50 KGS	Akola	1229.5	1232.7	1229.5	
Coconut Oil	100 KGS	Kochi	7176	7176	7176	
Refsoy Oil	10 KGS	Indore	483	491.95	490.3	
CPO	10 KGS	Kandla	421.5	423.6	422.2	
Mustard Oil	10 KGS	Jaipur	541	544.8	546	
Gnutoilexp	10 KGS	Rajkot	885	890.5	826.7	
Castor Oil	10 KGS	Kandla	NA	NA	NA	
Crude Oil	1 BBL	Mumbai	3427	3483	3483	
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA	
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA	
Brent Crude	1 BBL	Mumbai	3561	3592	3592	
Gur	40 KGS	Muzngr	NA	NA	NA	
Sugars	100 KGS	Kolhapur	2528	2577	2585	
Sugarm	100 KGS	Delhi	2720	2742	2773	
Natural Gas	1 mmBtu	Hazirabad	183.2	176.7	176.7	
Rubber	100 KGS	Kochi	16619	16638	16763	
Cotton Long	1 Candy	Kadi	NA	NA	NA	
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA	
Jute	100 KGS	Kolkata	3452	3461	3357	
Gold	10 GRMS	Ahmd	19175	19112	19080	
Gold Guinea	8 GRMS	Ahmd	15402	15351	15325	
Silver	1 KGS	Ahmd	32650	32713	32750	
Sponge Iron	1 MT	Raipur	NA	NA	NA	
Steel Flat	1000 KGS	Mumbai	NA	NA	NA	
Steel Long	1 MT	Gobindgarh	25840	25890	26145	
Copper	1 KGS	Mumbai	360.9	363.25	363.25	
Nickel	1 KGS	Mumbai	1042.8	1042.8	1043.7	
Aluminium	1 KGS	Mumbai	103.4	103.4	102.75	
Lead	1 KGS	Mumbai	102.7	102.7	101.35	
Zinc	1 KGS	Mumbai	101.85	101.85	98.85	
Tin	1 KGS	Mumbai	1081.5	1081.5	1073.75	

(Source: MCX Spot Prices)



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- ❖ Related Party Transaction Transfer Pricing Loading of Value
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- ❖ Export Valuation Rules; DEPB and PMV
- ❖ Second Hand Goods, Machinery and Motor Vehicles
- ❖ Valuation of High Sea Sales
- ❖ Sale from Bonded Warehouses

Deepak Kumar joined the Customs as Appraising Officer in Mumbai Custom House in 1973 after LLB from Delhi University. He has worked in CESTAT, Air Cargo Complex, FEMA, M&P & R&I and Preventive wings largely in Mumbai area. He was Commissioner (Valuation), Directorate General of Valuation.

This book is a collection of Deepak Kumar's vast and varied experience for 37 years in the field of valuation. At present he is a practicing Advocate.

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Indo-Argentina Trade

There are 14 Indian companies which have invested about one billion dollars in IT, agrochemicals, steel, pharmaceuticals and cosmetics in Argentina. United Phosphorus and Punjab Chemicals & Crop Protection Ltd have invested 100 million dollars in Argentina in the production and export of agrochemicals and seeds.

Agricultural machinery is emerging as a new area of trade and collaboration. Mahindra, TAFE and Sonalika from India have started exporting their tractors to India. Sonalika plans to assemble their tractors in Argentina. The Argentine company Vassali is in contact with Sonalika to assemble harvesters in India.

IFFCO is exploring the possibility of setting up a fertilizer plant in Argentina using natural gas as the raw material.

A number of Indian companies have shown interest in investment and joint ventures in agribusiness in Argentina, which has one of the most advanced and competitive agriculture sectors in the world.

[Source: PIB Press Release dated 13 September 2010]

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exports without upsetting global trade balances, this was "simply impossible" for China. "For the Chinese economy, rebalancing the source of growth from external demand to domestic sources is absolutely necessary," he said. Kuroda said that allowing the exchange rate to appreciate could help smooth the expansion of China's domestic sector at the expense of its export sector.