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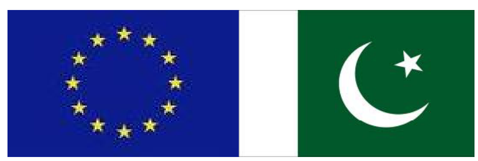
EU Package of Trade Concessions for Pakistan Watered Down

The final package still allows duty-free access for 75 tariff lines. However, the three year duty free access has now been cut to two years, with a third year conditional on an assessment. Quotas have also been introduced on sensitive tariff lines, such as some fabrics, towels, women's jeans and socks. For these products, duty-free access will be suspended if imports grow by more than 20 percent. Also for the other products, a safeguard mechanism will be put in place to counter any major import surges. The details of the safeguard mechanism have not yet been agreed.

Following internal negotiations, EU governments have approved a package of trade concessions set to boost Pakistani imports to the Union in the wake of the flood disaster in June this year.



However, the package originally proposed by the Commission on 7 October, has been modified in order to address the sensitivities and concerns of certain European states, prompting some on the receiving end to call it essentially useless.

Using trade to boost economic activity and provide incomes

The economy of Pakistan was hit hard by Monsoon flooding in June. Overall, the World Bank and the Asian Development Bank have put total losses associated with the damages at about US$9.7bn. Among its relief responses, the European Council agreed "to grant exclusively to Pakistan increased market access to the EU through the immediate and time-limited reduction of duties on key imports."

The draft package of concessions agreed to in October comprised three years of duty-free access for 75 tariff lines accounting for 27 percent of Pakistani exports to the EU - mainly in the textiles sector - yielding benefits worth about EUR100 million. Although providing an export boost, these concessions are small as compared to the current EUR15 billion in imports of the products in question to the EU. The package excluded bed linens, the most important export from Pakistan, for which the country has an advantage over competitors India and China.

A watered-down package

On 11 November, the European Council agreed to an adjusted version of the package, followed internal negotiations. Textile producing countries such as Italy, Portugal, Spain and France had pushed for fewer concessions due to fears for their own industries, while countries such as Sweden, Germany and the UK had lobbied in favour of a strong trade concessions deal.

In addition, while the package originally had foreseen 100,000 tonnes of duty-free imports of ethanol from Pakistan, this has been reduced to 80,000 tonnes.

However, John Clancy, trade spokesman for the EU's executive Commission, said that "[t]hese adjustments are not expected to lower considerably the expected benefits for Pakistan's flood-stricken economy."

Disappointment on the receiving end

Not all were as positive as Clancy, however. According to Reuters, one EU diplomat said that "[s]ome member states believe Europe has watered down its aid to Pakistan too much. This creates a credibility problem - after all this was supposed to be the method by which the EU helps Pakistan reconstruct."

Voices from the textiles manufacturing industries in Pakistan also expressed disappointment. "The EU has diluted its tariff concessions, which will adversely undermine the scheme's importance for Pakistan," said Shahid Soorty, chairman of the Pakistan Denim Manufacturers and Exporters Association (PDMEA). "If the EU meant to help Pakistan's sliding economy rebound from losses suffered from the recent floods and terrorism, it should not have made these adverse changes in the package." Muhammad Mushtaq of the Value-added Textile Forum called the EU trade concessions 'eyewash' aimed primarily at securing access to low-cost raw materials.

Soorty suggested that the government of Pakistan still should push for a stronger package. "We must convince the EU governments that Pakistan is not a competitor of their respective textile industries in any field. Our apparel industry has hardly made any noticeable growth in exports to the EU since the abolition of the textile quotas in 2005," he said.

However, changes for the better are unlikely at this point. In addition, the package still has to be approved by the European Parliament, and has to be granted a waiver at the WTO, in order to come into effect on 1 January 2011.

Euro Falls to Below $1.30

The euro dropped below $1.30 for the first time in more than 10 weeks amid speculation Europe's debt woes will worsen and as unemployment in the region rose to the highest in more than 12 years.

The yen strengthened to its highest since Sept. 15 against the euro amid speculation China will take more measures to cool its economy. The Swiss franc also rose against the common currency as investors shunned riskier assets. Debt concern has shifted to Spain and Portugal since Nov. 28, when European governments sought to bolster the euro by giving Ireland an 85 billion-euro ($111 billion) bailout package. Portuguese, Italian and Spanish government bonds slumped.

"The downward pressure is strong, really strong now, and we need the politicians to pull something out of the bag to stop that," said Jane Foley, senior foreign-exchange strategist at Rabobank International in London. "It's important now to stop the rot. The market has to be reassured about Spain and that is where the politicians have got their work cut out."

The euro traded 0.7 percent weaker at $1.3031 as of 6:54 a.m. in New York, after dropping to $1.2980, the weakest since Sept. 16. It slumped 1.3 percent to 109.16 yen, from 110.60. The Japanese currency was at 83.80 per dollar, from 84.26 yesterday.

Spanish bonds fell yesterday by the most since the start of the euro era. The difference in yield, or spread, between 10- year Italian securities and similar-maturity German debt rose to more than 200 basis points for the first time since 1997.

Grape Exports Jump

The detail of export of grapes during the last three years reflects a persistent growth year on year:

Quantity: MTs, Value: Rs. crore

Year	Quantity	Value
2007-08	96964	317.83
2008-09	124628	408.61
2009-10	131154	545.34

Source: APEDA

As per information there has been persistent increase in demand for Indian grapes over the years. The major reason is the overall acceptance of quality of Indian grapes in European supermarkets. This has been possible through the introduction of a Residue Monitoring Plan (RMP) coupled with the Web based GrapeNet software system which provides traceability for all grape exported to the European Union (EU).

During 2010 grape season, the European Countries had shown reluctance in accepting grape shipments from India due to detection of Chlormequat Chloride Component (CCC), a Plant Growth Regulator in excess of the prescribed Maximum Residue Level (MRL) for Table Grapes. The Government of India took up the matter with EU authorities & Agricultural and Processed Food Products Export Development Authority (APEDA) also took up the matter with the European Commission (EC) through the Embassy of India, Brussels. For the ensuing grape season, APEDA has, in consultation with stakeholders, revised the RMP document increasing the list of agro chemicals to be monitored from 98 to 167. This document has been hosted on the APEDA website. APEDA has sanctioned an amount of Rs.3.50 Crores to National Research Centre for Grapes, Pune for purchase of modern instruments. Further an assistance of Rs.10 Crores was provided to APEDA recognized laboratories for purchase of high precision equipment. To strengthen the laboratory testing capabilities, APEDA is also organizing a training program for the laboratories on multi residue testing in The Netherlands

[Source: PIB Press Release on 29 November 2010]

Trade with Commonwealth Nations

India has entered into Free Trade Agreements (FTAs) / Preferential Trade Agreements (PTAs) with the objective of promoting trade with many countries and regional groupings of which Commonwealth countries are a member.

Following is a list of FTAs/PTAs that India has signed or is negotiating with commonwealth countries:

A-FTAs / PTAs already concluded

SNo.	FTA/PTA	Partner Commonwealth countries
1.	South Asia Free Trade Agreement (SAFTA)	Bangladesh, Maldives, Pakistan and Sri Lanka
2.	South Asia Preferential Trade Agreement (SAPTA)	Bangladesh, Maldives, Pakistan and Sri Lanka
3.	India-ASEAN FTA	Brunei, Malaysia and Singapore
4.	Global System of Trade Preferences (GSTP)	Bangladesh, Cameroon, Ghana, Guyana, Malaysia, Mozambique, Nigeria, Pakistan, Singapore, Sri Lanka, Trinidad and Tobago
5.	India-Singapore Comprehensive Economic Cooperation Agreement (CECA)	Singapore
6.	India – Sri Lanka FTA	Sri Lanka
7.	Asia Pacific Trade Agreement (APTA)	Bangladesh and Sri Lanka
8.	India-Afghanistan PTA	Afghanistan

B-FTAs / PTAs under negotiation

SNo.	FTA/PTA	Partner Commonwealth countries
1.	India-EU Bilateral Trade and Investment Agreement (BTIA)	Cyprus, Malta and UK
2.	Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC)	Bangladesh and Sri Lanka
3.	Southern African Customs Union (SACU)	Botswana, Lesotho, Namibia and South Africa
4.	India – Malaysia	Malaysia
5.	India – Mauritius	Mauritius
6.	India – Canada	Canada
7.	India-New Zealand	New Zealand

World Bank Releases Draft Strategy for Africa

The World Bank has completed a first draft of its next five-year strategy for Africa and its own role in it, which is now open for comment online. In its outlook, the World Bank sees a range of positive signs, and concludes that "Africa in 2010 has an unprecedented opportunity for transformation and sustained growth."

The role of the World Bank in Africa, as it outlines in the report, is to make the rest of the world aware of positive changes occurring and give confidence to international actors in order to foster investment. In line with this, the document emphasises investment opportunities. According to the report, Africa's private sector is increasingly attracting investment, with much of the funding coming from domestic banks and investors, and returns are among the highest in

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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
30-Nov-10	45.2850	46.3525	45.2850	46.1750	46.1750	760862	2673577	1236328	46.0400
29-Nov-10	46.1025	46.1900	45.9500	46.1625	46.1625	733027	2246783	1034551	45.8100
26-Nov-10	45.8475	46.1675	45.8150	46.1175	46.1175	705679	2200277	1013018	45.7400
25-Nov-10	45.9125	45.9950	45.7800	45.7975	45.7975	537353	393322	180455.5	45.6400
24-Nov-10	45.8650	46.0975	45.8650	46.0075	46.0075	497157	254135	116836.5	45.6600

[Source: NSE and RBI Website]

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- ❑ 3 Years Rs. 2100 US$200

European Commission Publishes Long Awaited Farm Policy Proposal

The European Commission has published a long-awaited proposal outlining how the bloc's substantial farm subsidy scheme could be maintained in the post-2013 seven year budgetary cycle, but refocused on more clearly-defined policy outcomes such as environmental goals. The communication is intended to initiate a discussion process amongst EU institutions about the future of Europe's farm policy in the years ahead.

In a statement to the press on 18 November, EU Agriculture and Rural Development Commissioner Dacian Cioloº argued that the EU's Common Agricultural Policy needed to become "greener, fairer, more efficient and more effective".

Suggesting that the CAP is "for all EU citizens - as consumers and taxpayers", Cioloº warned there was a need to "design our policy in a way which is more understandable to the general public and which makes clear the public benefits that farmers provide". A leaked draft of the Commission's proposals that was posted online one month ago was nonetheless criticised by environmentalists and development groups, as well as by farm groups opposed to ambitious reform.

The final version of the communication is largely identical to the earlier draft although it does also contain a few potentially significant changes.. Like its precursor, the published document continues to recommend that a future Common Agricultural Policy (CAP) for Europe should focus on three objectives: viable food production, sustainable management of natural resources and climate action, and balanced territorial development.

However, the revised text more explicitly argues that, "given that demand worldwide will continue rising", it is essential that EU agriculture "maintains its productive capacity". At the same time, the document now notes, the bloc will need to ensure it respects "EU commitments in international trade and Policy Coherence for Development".

The revised proposal also now warns that EU agriculture today faces a more competitive environment - a trend likely to continue "in view of the possible conclusion of the Doha round negotiations and of the bilateral and regional agreements at present under negotiation". While this represents a challenge for farmers, the Commission suggests, it "also offers an opportunity for EU food exporters".

Corn Prices Rise Hurts Dairy Industry

This year's agriculture boom is a bust for U.S. dairy farmers as surging costs for cattle feed compound a glut of milk products.

While the 27 percent jump in wheat prices and 48 percent gain in cotton may send farm income to a record, dairies will lose money in 2011 for the second time in three years, said Mike Brown, an economist at Glanbia Foods Inc., which processes milk in Idaho and New Mexico. Corn, a feed ingredient, jumped 33 percent in the two months ended Oct. 31, almost three times the gain in wholesale-milk prices. Futures slumped 11 percent.

Dairy farmers expanded herds following the 70 percent jump in prices to a record in 2007, just before the U.S. began its longest recession since before World War II and unemployment rose to the highest level in a quarter century. Weaker demand was compounded by this year's drought, floods or freezing weather from Canada to Kazakhstan that ruined crops and boosted competition for U.S. grain that dairies require.

High Food Prices, WTO Debates Export Restrictions, Subsidies

With prices for many agricultural commodities nearing the records set in 2008, the UN Food and Agriculture Organization is warning farmers worldwide that they may need to produce more. Although recent bumper crops have bolstered stocks, prices continue to climb as some exporters institute bans or controls on what they sell abroad. Some of these trends sparked intense debate at the WTO's Agriculture Committee last week.

Food Prices

With global food imports nearing, and likely to pass the US$1 trillion mark, some are likening current figures to those of 2008. Although earlier FAO statements soothed nerves, the recent release of the bi-annual Food Outlook report serves as warning, seeking to prompt better planning on the part of food producers and importers. The FAO's Food Outlook report provides a survey of current food production and projects likely scenarios into the immediate future. In recent months, prices for many food crops, such as wheat, corn, sugar and even oilseeds have seen double digit upswings and subsequent corrections. The newest edition of the report revises global production downward, with cereals crops, such as wheat and corn, expected to fare poorly due to bad weather.

Earlier this year, the FAO's State of Food Insecurity (SOFI) report used lower food prices and improved economic growth to explain a reduction of one hundred million in the number of undernourished people in 2009. Given the FAO's projections of higher prices for the rest of this year and next spring, it is likely that the number of undernourished calculated using the FAO's standard assumptions may increase.

Export restrictions

Concerns related to food prices and their add-on effects have also come to fore at the WTO. Export restrictions and subsidy notifications were the subject of vigorous debate at a regular meeting of the WTO Agriculture Committee on 18 November.

Ukraine - only the second country to notify WTO members about limits on exports of food since 2004 - told WTO members that the quotas in place were temporary and were taken in response to drought and a poor domestic harvest. Israel, reportedly, singled out the quotas for driving up their food bill. Additionally, officials from the US suggested that domestic Ukrainian production exceeded consumption and questioned if this would lead to lower domestic prices and production shortfalls in the future.

Some members have found that export restrictions taken by one exporting country open up markets for others. Historically, limits on soybean exports from the US have been cited for growth in the Brazilian industry. In recent years, Uruguayan beef exports have grown at the expense of Argentinean producers facing export taxes.

Under article 11 of the General Agreement on Trade and Tariffs (GATT) and article 12 of the WTO Agreement on Agriculture, countries are allowed to restrict food exports temporarily but must take into account the impact on importing countries' food security, notify the WTO and provide analysis when questioned by other Members. These rules only bind developed countries and do not require developing countries to take any specific actions, even if they are important exporters.

Food security

Assistant UN Secretary-General David Nabarro, the coordinator of the UN system's response to the Global Food Security Crisis (UNHLTF), spoke to delegates immediately after the Agriculture Committee meeting. His presentation on the updated Comprehensive Framework for Action (CFA), a guide to coordinate food policy amongst 22 intergovernmental agencies, was "particularly well received by developing countries," according to a delegate present.

Calling for an assessment of trade policies with their "impact on food security," Nabarro noted that "the Doha Round is good for poor nations." Although the CFA does not legally bind countries to particular policies, it attempts to prescribe a general set of guidelines . Nabarro touched on the politically charged but economically pragmatic need "to appreciate the real cost of subsidies and [export] bans…" while emphasizing that functioning markets allow farmers to "capture value," thereby alleviating some of the worst poverty.

Australia's GDP Probably Hit 'Soft Patch' on Currency

Australia's economic growth slowed last quarter as higher borrowing costs and less government stimulus weakened the housing market, while a stronger currency hurt exports, economists predicted a government report will show.

Gross domestic product advanced 0.5 percent from the previous three months, when it grew 1.2 percent.

The report may show effects from Reserve Bank of Australia rate increases aimed at cooling inflation sparked by a mining- industry expansion that Governor Glenn Stevens said will extend "over a longish horizon." Tighter monetary policy, less housing aid and a 7.9 percent gain in the local dollar this year have weakened consumer demand and slowed sales abroad.

Compared with a year earlier, Australia's economy probably expanded 3.4 percent in the third quarter, after gaining 3.3 percent from a year earlier in the previous period, the survey of economists showed.

Dead Burned Magnesia Anti-dumping by EU on China to Expire on 13 May 2011

1. As provided for in Article 11(2) of Council Regulation (EC) No 1225/2009 of 30 November 2009[(1)] on protection against dumped imports from countries not members of the European Community, the European Commission gives notice that, unless a review is initiated in accordance with the following procedure, the anti-dumping measures mentioned below will expire on the date mentioned in the table below.

2. Procedure

Union producers may lodge a written request for a review. This request must contain sufficient evidence that the expiry of the measures would be likely to result in a continuation or recurrence of dumping and injury.

Should the Commission decide to review the measures concerned, importers, exporters, representatives of the exporting country and Union producers will then be provided with the opportunity to amplify, rebut or comment on the matters set out in the review request.

3. Time limit

Union producers may submit a written request for a review on the above basis, to reach the European Commission, Directorate-General for Trade (Unit H-1), N-105 4/92, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË[(2)] at any time from the date of the publication of the present notice but no later than three months before the date mentioned in the table below.

4. This notice is published in accordance with Article 11(2) of Regulation (EC) No 1225/2009.

Product	Country(ies) of origin or exportation	Measures	Reference	Date of expiry
Dead-burned (sintered) magnesia	People's Republic of China	Anti-dumping duty	Council Regulation (EC) No 716/2006 (OJ L 125, 12.5.2006, p. 1)	13.5.2011

(1) OJ L 343, 22.12.2009, p. 51.

(2) Fax +32 22956505.

European Companies Cut Debt Most Since '03 as Earnings Jump 46%

While European countries slide deeper into debt, the region's companies are paying off creditors and boosting profits at the fastest rate in seven years.

Liabilities as a percentage of earnings in the benchmark Stoxx Europe 600 Index dropped 22 percent last quarter, the most since 2003. Analysts say annual profit growth in Europe will average 46 percent in 2010 and 2011, more than at any time in the previous seven years. The projected income would push valuations down to the lowest levels on record excluding the three months after Lehman Brothers Holdings Inc.'s bankruptcy in September 2008, the data show.

Dwindling debt and falling price-earnings ratios are bullish signs to GLG Partners LP, Pioneer Investments and Aegon Asset Management just as rising budget deficits push the cost of insuring bonds of Ireland, Portugal and Spain against default to record highs. To BNP Paribas Fortis Global Markets, they show executives are so concerned government bailouts will fail that they won't take steps to reward shareholders, such as stock buybacks and mergers and acquisitions.

Dollar Exports Up by 21% in October 2010

India's exports during October, 2010 were valued at US $ 17960 million (Rs. 79763 crore) which was 21.3 per cent higher in Dollar terms (15.3 per cent higher in Rupee terms) than the level of US $ 14806 million (Rs.69175 crore) during October, 2009. Cumulative value of exports for the period April-October 2010 was US $ 121394 million (Rs 556162 crore) as against US $ 95756 million (Rs. 462437 crore) registering a growth of 26.8 per cent in Dollar terms and 20.3 per cent in Rupee terms over the same period last year.

India's imports during October, 2010 were valued at US $ 27689 million (Rs.122970 crore) representing a growth of 6.8 per cent in Dollar terms (1.5 per cent in Rupee terms) over the level of imports valued at US $ 25936 million (Rs. 121175 crore) in October, 2009. Cumulative value of imports for the period April-October, 2010 was US $ 194167 million (Rs. 889827crore) as against US $ 154067 million (Rs. 743470 crore) registering a growth of 26.0 per cent in Dollar terms and 19.7 per cent in Rupee terms over the same period last year.

Oil imports during October, 2010 were valued at US $ 8410 million which was 0.3 per cent higher than oil imports valued at US $ 8389 million in the corresponding period last year. Oil imports during April-October, 2010 were valued at US$ 57125 million which was 24.6 per cent higher than the oil imports of US $ 45865 million in the corresponding period last year.

Non-oil imports during October, 2010 were estimated at US $ 19279 million which was 9.9 per cent higher than non-oil imports of US $ 17547 million in October, 2009. Non-oil imports during April - October, 2010 were valued at US$ 137042 million which was 26.7 per cent higher than the level of such imports valued at US$ 108203 million in April - October, 2009.

The trade deficit for April - October, 2010 was estimated at US $ 72774 million which was higher than the deficit of US $ 58311 million during April -October, 2009.

EU Initiates Anti-dumping Review on Potassium Chloride from Belarus and Russia

The European Commission (Commission) has received a request for a partial interim review pursuant to Article 11(3) of Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community [(1)] (the basic Regulation).

1. Request for review

The request was lodged by Fintec UK Limited (the applicant), an importer and distributor of potassium chloride originating in Belarus and Russia.

The review is limited in scope to the examination of the level of injury.

2. Product

The product under review is potassium chloride currently falling within CN codes 3104 20 10, 3104 20 50, 3104 20 90, and special mixtures (i.e. potassium chloride containing additional fertilising elements, with a potassium content evaluated as K 2 O, by weight, equal to or exceeding 35 % but not exceeding 62 % on the dry anhydrous product) currently falling within CN codes ex 3105 20 10

(1) OJ L 343, 22.12.2009, p. 51.

Exports & Imports (Rs. Crore)

(Provisional)

	October	April-October
Exports (including re-exports)		
2009-10	14806	95756
2010-11	17960	121394
%Growth2010-11/ 2009-2010	21.3	26.8
Imports		
2009-10	25936	154067
2010-11	27689	194167
%Growth2010-11/ 2009-2010	6.8	26.0
Trade Balance		
2009-2010	-11130	-58311
2010-11	-9729	-72774

India May Cut Rubber Import Duty as Demand for Tyres Soars, Khullar Says

India, the fourth-biggest producer of natural rubber, may allow imports of as much as 100,000 metric tonnes at a lower duty to meet surging demand for tyres as rising incomes boost car sales, Trade Secretary Rahul Khullar said.

The finance ministry may make a decision after the end of the current session of parliament which runs to Dec. 13, Khullar said in an interview in New Delhi on 30 November. The trade ministry has recommended imports at a concessional rate for a maximum of 100,000 tonnes and tax changes on tyre imports, he said,

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Cotton Yarn not Entitled for DEPB Benefits under Miscellaneous Product

Subject: Export of Cotton Yarn not entitled to DEPB benefit under the DEPB Rate Schedule.

04-Pol.Cir
29.11.2010
(DGFT)

It was stated in the DGFT Public Notice No. 57 dated 21.4.2010, that 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 from immediate effect. Thereafter references have been received from Trade and Industry and Regional Authorities of DGFT seeking to know whether export of cotton yarn shall be entitled for DEPB benefit @ 1.5% under DEPB entry Sl. No. 22D of the Misc. Products (Product code 90).

2. Benefit of DEPB under Sl. No. 22D of the Misc. products is available only when, Standard Input Output Norms (SION) exist for a product, but no DEPB rate has been notified. In the case of Cotton Yarn, it is not that DEPB Rate has not been notified but actually, the notified specific DEPB benefit has been suspended as per Public Notice of 21.4.10, as described in para 1 above.

3. Accordingly, it is clarified that exports of "Cotton Yarn" is not entitled for any DEPB benefit either under entry 78 of Product Group Textiles (as was notified already on 21.4.10), or even under the residual entry at Sl. No. 22D of the Product Group "Misc. products" of the DEPB rate schedule.

This issues with the approval of DGFT.

EN/AISI/DIN/JIS Series Steel Norms Amended

Subject: Amendment/modification of SION S.No.C-739 under Engineering Product Group.

16-PN(RE)
26.11.2010
(DGFT)

In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-14, the following amendment is made in the Handbook of Procedure Vol. II (as stated in paragraph 1.1 of Vol.I):

SION S.No.C-739 of the Product Group "Engineering Product"

(Product Code: C)

Earlier Entry:

Sl. No.	Export Item	Qty	Import Item	Qty
C-739	Nyloc Self Locking Nuts, Steel Locking Nuts and Wheel Nuts made from EN/AISI/DIN /JIS Series Steel excluding Stainless Steel	1 MT	EN/AISI/DIN/JIS Series Steel excluding Stainless Steel in the form of Wire Rods/HEX Bars in Coils and/or Straight Length	1.939 MT

Amended Entry:

Sl. No.	Export Item	Qty	Import Item	Qty
C-739	Nyloc Self Locking Nuts, Steel Locking Nuts and Wheel Nuts made from EN/AISI /DIN/ JIS Series Steel excluding Stainless Steel	1 MT	Relevant EN/AISI/DIN/JIS Series Steel **(**excluding Stainless Steel**)** in the form of Wires/ Wire Rods/ HEX Bars in Coils and/or Straight Length	1.939 MT/ MT content in the export product

Note:-The Wire would have to be of a diameter more than the diameter of exported end product.

Effect of this amendment:

Wires are also permitted as an admissible input to be imported under the condition that such wire must be of larger diameter than the exported end product. There is no change in quantity of input permitted per tonne of export item.

Simplified Procedure for Port Registration of EOUs for Clearance of Imported Goods

The following Public Notice was issued by the Commissioner of Customs (Export) Jawaharlal Nehru Custom House on 23rd November 2010.

Sub: Simplified procedure for registration of 100% EOU/EHTP/STPs for clearance of import goods.

117-PN
23.11.2010

Attention of Exporters, Importers, Custom House Agents and other members of the Trade is invited to the CBEC Circular No. 51/ 2005-CUS dated 09.12.2005 issued from F.No.305/EOU/01/2005-DGEP on the above subject.

2. For clearance of import goods, the EOU/ EHTP/STP Units (after setting up of the EOU/ EHTP/STP Unit) have to get themselves registered at the port of import (sea port, ICD / Airport / CFS etc.) where from the unit expects to import goods duty free. In case, such port is the Nhava Sheva sea port, the Unit may make application for such registration on plain paper in the form of letter to Dy. / Asstt. Commissioner (100% EOU Section) at Jawaharlal Nehru, Custom House Nhava Sheva, along with copy of PAN Card, supported by the following documents:

a) Copy of LOP

b) Copy of Private Bonded Warehousing License under section 58 of the Customs Act

c) Copy of IEC Certificate

d) Copy of Green Card

e) Bank attested signatures of authorized signatories of the EOU/EHTP/STP Unit

f) Passport size photograph of Director/Proprietor/signatories

3. On receipt of such complete application, the 100% EOU Section shall, on the same day, send a letter through fax with copy of Private Bonded Warehousing License referred above and any other relevant particulars for authentication/confirmation from the jurisdictional DC / A C in-charge of the unit. The faxed papers shall also be sent by Registered Post. Reply shall be ensured from jurisdiction within 5 days by fax and registered post. Pendency of reply to this verification should not be the cause of delay in issuing registration certificate which should be issued within 7 working days of the application's receipt. The format of certificate that shall be issued is enclosed. In case the unit authorizes a CHA to act on its behalf, the authorization obtained by CHA from the unit shall be submitted. In order to delay in clearance of imported goods under the scheme, it is advised that the EOU/ EHTP/STP shall endeavour to register themselves well in advance.

4. The Board's Circular prescribes that once a 100% EOU/EHTP/STP Unit is registered at one port of import, it is not required to get itself registered subsequently in any other port of import for clearance of goods duty free. The import consignments would be allowed clearance on the basis of registration issued at any port of import. However, unless a system of electronic maintenance of all data base of such registration by all Customs Stations all over country and its online availability over custom station is put in place, following manual arrangement may be followed:

(I) In cases where Unit has been registered at other Customs station and importer wants clearance from JNCH, they would submit copy of registration certificate of other custom station. It should be noted that if the certificate issued by other custom station does not contain one or any of the details that feature in the enclosed format, the unit should indicate such details (and countersign them) in the body of their letter. On receipt of such a letter with requisite details, the DC/AC (100% EOU Section), JNCH, Nhava Sheva shall verify the authenticity of said registration certificate and/or details mentioned in the letter by unit already registered from the said port of registration within 5 working days by Fax/ Regd. Post. After verification of genuineness of the registration certificate the facility will be allowed provided the verification of warehousing licence as per Para 3 of this Public Notice has been completed by the port of registration.

However, if the other customs House has uploaded their websites with details of the registrations, then customs officers at JNCH would follow procedure as below.

(II) In case of any custom house has uploaded their web sites with details of registration certificates, JNCH officer may cross check applications with the details in these web sites and in case the details are found to be matching, he may make reference to the concerned customs office by fax and to obtain confirmation of the facts of registration. If no reply is received within 5 working days the customs officer at JNCH would proceed to feed the EDI with registration details and allow the importer to effect imports. However, the genuineness of the registration would be cross checked by sending communication by post to the concerned custom station.

5. All existing procedures, for clearance of imported goods duty free from the port of import, as prescribed by the Board from time to time in respect of 100% EOU/EHTP/STP Unit would apply.

6. Difficulty faced in implementation may be brought to notice.

F. No.S/26-Misc-184/2010-100%EOU

Money Laundering in Forex Operations - I

Sub: Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/ Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009- Money changing activities

AP(DIR Srs) Cir.18 25.11.2010 (RBI)

Attention of the Authorized persons is invited to the A.P. (DIR Series) Circular No. 17 [A.P.(FL/ RL Series) Circular No. 04] dated November 27, 2009 on Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/ Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by the Prevention of Money Laundering (Amendment) Act, 2009 in respect of money changing activities.

Suspicion of money laundering/ terrorist financing

2. With a view to preventing the system of purchase and/ or sale of foreign currency notes/ Travellers' Cheques by Authorised Persons (APs) from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing, it is clarified that whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, APs should carry out full scale customer due diligence (CDD) before undertaking any money changing transaction.

Filing of STR

3. In terms of the instructions contained in Para 4.3 (iv) of the circular dated November 27, 2009 referred to above, APs should not undertake any transaction where they are unable to apply appropriate customer due diligence measures. Similarly, in terms of instructions contained in Para 4.4 (g) of the circular dated November 27, 2009, relationship with a business entity/ ies like a company/ firm / trusts and foundations should be established only after conducting due diligence by obtaining and verifying prescribed suitable documents. When a business relationship is already in existence and it is not possible to perform customer due diligence on the customer in respect of the business relationship, APs should terminate the business relationship and make a Suspicious Transaction Report to FIU-IND. It is clarified that in the circumstances when an AP believes that it would no longer be satisfied that it knows the true identity of the customer (individual/ business entity), the AP should also file an STR with FIU-IND.

Politically Exposed Persons (PEPs)

4. In terms of instructions contained in Para 4.5 (iii) of the circular dated November 27, 2009 referred to above, the decision to undertake a transaction with a PEP should be taken at a senior level which should be clearly spelt out in the Customer Acceptance Policy. APs should also subject such transactions to enhanced monitoring on an ongoing basis. Similarly, where a customer subsequently becomes a PEP after a business relationship has already been established, enhanced CDD should be performed on such customers and decision to continue business relationship with the PEP should be taken at a sufficiently senior level. It is clarified that the instructions contained in paragraph 4.5 (iii) of the circular dated November 27, 2009 referred to above are also applicable to individual transactions/ business relationship where a PEP is the ultimate beneficial owner. Further, in regard to individual transactions/ business relationship in case of PEPs, it is reiterated that APs should have appropriate ongoing risk management procedures for identifying and applying enhanced CDD to PEPs, customers who are family members or close relatives of PEPs and individual transactions/ business relationship of which a PEP is the ultimate beneficial owner.

Principal Officer

5. With reference to Para 4.12 of the circular dated November 27, 2009 referred to above, regarding appointment and responsibility of the Principal Officer, it is clarified that the role and responsibilities of the Principal Officer should include overseeing and ensuring overall compliance with regulatory guidelines on KYC/ AML/ CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009, rules and regulations made there under, as amended from time to time.

6. These guidelines would also be applicable mutatis mutandis to all agents/ franchisees of Authorised Persons and it will be the sole responsibility of the franchisers to ensure that their agents/ franchisees also adhere to these guidelines.

7. Authorised Persons should bring the contents of this circular to the notice of their constituents concerned.

8. The directions contained in this Circular are issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Money Laundering in Forex Operations - II

Sub: Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/ Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009- Cross Border Inward Remittance under Money Transfer Service Scheme

AP(DIR Srs) Cir.19 25.11.2010 (RBI)

Attention of all the Authorised Persons, who are Indian Agents [APs (Indian Agents)] under the Money Transfer Service Scheme (MTSS) is invited to the A.P. (DIR Series) Circular No. 18 [A.P. (FL/ RL Series) Circular No. 05] dated November 27, 2009 on Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/ Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by the Prevention of Money Laundering (Amendment) Act, 2009 in respect of cross border inward remittances under the Money Transfer Service Scheme (MTSS).

Suspicion of money laundering/ terrorist financing

2. With a view to preventing the system of cross border inward money transfer into India from all over the world under the MTSS from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities, it is clarified that whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, APs (Indian Agents) should carry out full scale customer due diligence (CDD) before making payment of any remittance.

Filing of STR

3. In terms of the instructions contained in Para 5.3 (iv) of the circular dated November 27, 2009 referred to above, AP (Indian Agent) should not make payment of any remittance where it is unable to verify the identity and/ or obtain required documents. It is clarified that in the circumstances when an AP (Indian Agent) believes that it would no longer be satisfied that it knows the true identity of the customer, the AP (Indian Agent) should also file an STR with FIU-IND.

Politically Exposed Persons (PEPs)

4. In terms of the instructions contained in Para 5.5 of the circular dated November 27, 2009 referred to above, the decision to undertake a transaction with a PEP should be taken at a senior level which should be clearly spelt out in the Customer Acceptance Policy. APs (Indian Agents) should also subject such transactions to enhanced monitoring on an ongoing basis. The above norms may also be applied to customers who become PEPs subsequent to establishment of the business relationship. It is clarified that the instructions contained in paragraph 5.5 of the circular are also applicable to transactions where a PEP is the ultimate beneficial owner. Further, in regard to transactions in case of PEPs, it is reiterated that APs (Indian Agents) should have appropriate ongoing risk management procedures for identifying and applying enhanced CDD to PEPs, customers who are family members or close relatives of PEPs and transactions of which a PEP is the ultimate beneficial owner.

Principal Officer

5. With reference to the Para 5.11 of the circular dated November 27, 2009 referred to above, regarding appointment and responsibility of the Principal Officer, it is clarified that the role and responsibilities of the Principal Officer should include overseeing and ensuring overall compliance with regulatory guidelines on KYC/ AML/ CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009, rules and regulations made there under, as amended from time to time.

6. These guidelines would also be applicable mutatis mutandis to all Sub-agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub-agents also adhere to these guidelines.

7. Authorised Persons (Indian Agents) should bring the contents of this circular to the notice of their constituents concerned.

8. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the Prevention of Money Laundering Act, (PMLA), 2002 as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Manufacturers Must Use Zero Duty Exemption, Recourse to Duty Payment with CENVAT Credit not Available

Sub: Application of provisions of section 5A (1A) of the Central Excise Act

937-CBEC 26.11.2010 (DoR) References had been received from the field formations as well as trade to clarify the ambiguity arising out of simultaneous prevalence of two exemption notifications namely 29/2004-CE dated 9.7.2004 as amended by notification No. 58/2008-CE dated 7.12.2008 and another notification 59/2008-CE dated 7.12.2008. The period of dispute is from 7.12.2008 to 6.7.2009. During this period while one notification No. 29/2004-CE as amended granted full exemption to certain items of Textile Sector without any condition, the second notification 59/2008-CE prescribed a concessional rate of duty of 4% on these items, with the benefit of Cenvat Credit.

2. The dispute was with regard to whether an assessee can avail the benefit of either of the above said two notifications whichever is beneficial

Exchange Rates for Customs Valuation

IMPORTS and EXPORTS

The current notification No. 98-Customs(NT) dated 26[8h] November 2010 supersedes notification 91-Customs(NT) dated 27[8h] October 2010.

98-Cus(NT) 26.11.2010 (DoR) In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No.91/2010-CUSTOMS (N.T.), dated the 27th October, 2010** *vide* number S.O. 2657(E), dated the 27[th] October, 2010, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or *vice versa* shall, **with effect from 1[st] December, 2010** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

		Imprted Goods		Exported Goods	
SNo	Currency	Current	Previous	Current	Previous
Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees					
1	Australian Dollar	45.35	44.70	44.00	43.45
2	Canadian Dollar	45.95	44.25	44.60	42.95
3	Danish Kroner	8.30	8.50	8.05	8.15
4	EURO	61.75	63.00	60.10	61.15
5	Hong Kong Dollar	5.95	5.80	5.85	5.65
6	Norwegian Kroner	7.65	7.85	7.35	7.55
7	Pound Sterling	72.95	70.95	71.05	69.00
8	Swedish Kroner	6.70	6.90	6.45	6.65
9	Swiss Franc	46.50	46.45	45.25	45.15
10	Singapore Dollar	35.40	34.80	34.40	33.90
11	US Dollar	46.15	44.90	45.25	44.00
Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees					
1	Japanese Yen	55.55	55.85	53.95	54.15

[F.No.468/13/2010-Cus.V]

Tariff Value on Poppy Seeds Up by US $154/MT

99-Cus(NT) 30.11.2010 (DoR) In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Board, being satisfied that it is necessary and expedient so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Cus (N. T.), dated, the 3[rd] August 2001, namely: -

In the said notification, for the Table, the following Table shall be substituted namely:-

Table

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value US $ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	447 (i.e. no change)
2	1511 90 10	RBD Palm Oil	476 (i.e. no change)
3	1511 90 90	Others – Palm Oil	462 (i.e. no change)
4	1511 10 00	Crude Palmolein	481 (i.e. no change)
5	1511 90 20	RBD Palmolein	484 (i.e. no change)
6	1511 90 90	Others – Palmolein	483 (i.e. no change)
7	1507 10 00	Crude Soyabean Oil	580 (i.e. no change)
8	7404 00 22	Brass Scrap (all grades)	4204
9	1207 91 00	Poppy seeds	3215

[F. No. 467/4/2010-Cus.V]

to him or he is bound to avail the unconditional exemption under notification No. 20/2004- CE, as amended, during the period under dispute in terms of the provisions of section 5A(1A) of the Central Excise Act, 1944.

3. The matter was examined in the Board. As a substantial question of law was involved, the matter was referred to the Law Ministry for its opinion. The Ministry of Law has opined that the language used in said section 5A(1A) is unambiguous and principles of harmonious construction cannot be applied in the instant case in view of specific provision under sub-section (1A) of section 5A of the Central Excise Act. **The Law Ministry has accordingly concluded that in view of the specific bar provided under sub-section (1A) of section 5A of the Central Excise Act, the manufacturer cannot opt to pay the duty under notification 59/2008-CE dated 7.12.2008 and he can not avail the Cenvat Credit of the duty paid on inputs.**

4. The aforesaid opinion of Law Ministry has been accepted by the Board. Pending issues, if any, may be decided accordingly.

F.No.52/1/2009- CX.1 Pt

CESTAT Rules No Discount under MRP Based Assessment

Board Says Full MRP to be Considered in Excise Valuation

Subject: Clarification regarding Quantity discounts, bonus quantities, etc. cleared without payment of duty under MRP based assessment.

938-CBEC
29.11.2010
(DoR)

A larger bench of CESTAT in the case of Indica Laboratories Vs CCE, Ahmedabad 2007(213) ELT 20(T-LB), has held that quantity discount, bonuses etc. are applicable for the valuation of goods under section 4 of the Central Excise Act, 1944 and not in case of goods valued under Section 4A.

2. The party has appealed against the said order before High Court of Gujrat. However, no stay has been granted by the High Court against the said order of the larger bench of tribunal. You may accordingly take necessary action as per the order of the larger bench of tribunal to protect the revenue interests.

3. Trade & Industry may be informed.

F.No. 6/5/2009-DS (CX.1 & 4)

WORLD TRADE SCANNER

BIG's WEEKLY INDEX OF CHANGES

Foreign Trade Policy

Customs

CBEC Circulars

RBI Circulars [AP(DIR Series)]

Obituary – Prakash P Ingle

Mr. Prakash Ingle (Marketing Advisor) Austrian Trade Commission passed away on 23rd of November 2010.

Prakash Ingle will be badly missed by us in ABS. With his death ABS has lost a friend who has stood by us for more than 25 years. He posed tough questions on trade policy and procedures to us on the phone almost every day. Together with him, we worked out solutions and exulted when they worked well in the field. His knowledge and experience contributed significantly to the Austrian Trade Commission's success. We in ABS will miss his booming voice for a long time. May his soul rest in peace.

Arun Goyal
Editor, Academy of Business Studies

Cont'd..398

the world. Large sums are flowing in from the BRICS, and private capital flows into the continent are higher than official development assistance. The role of the World Bank will be to leverage the funding "to crowd-in other sources of financing."

The report also clearly spells out the challenges. Africa remains behind the emerging countries, and the gap is widening. Among other, high costs and perceived risks of doing business in Africa hurt export competitiveness and keep businesses from forming or relocating to Africa, says the report. The rapidly emerging economies, especially China, have great demand for Africa's natural resources. The World Bank stresses that getting value out of these resource exports depends critically on governance. According to the report, land is another resource, "whose potential depends on a sound regulatory environment, with incentives and enforcement systems in place for good governance." Meanwhile, the infrastructure gap is also widening, and this disadvantages exports from Africa. To compound the problems, Africa's labor force lacks skills.

Cont'd..400

declining to elaborate. Rubber imports are taxed at 20 percent.

Rising incomes in the world's second-most populous nation may help more than double annual car sales to 3 million by 2015, according to the government, boosting demand for natural rubber. Prices in India reached a record last month on concern that the low-output season in Southeast Asia will worsen a deficit.

[Source: PIB Press Releases dated 01 December 2010]

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