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No Export Quotas for Bhutan, India Allows Transit for Bhutan Trade with Bangladesh

Bhutan has expressed happiness over acceptance of their request of exemption from application of any export bans on essential commodities. The Minister of Commerce, Industry and Textiles, Anand Sharma, during his meeting with Mr. Lyonpo Khandu Wangchuk, Minister for Economic Affairs of Bhutan on 3 February, informed that Director General of Foreign trade has issued notification exempting Bhutan from the application of export ban on Milk Powder, Wheat, Edible Oil, Pulses and Non-Basmati Rice with annual limits indicated by the Bhutanese side. "India values the special relationship with Bhutan and we will be happy to expand our multifaceted cooperation which already covers key sectors such as hydropower, health, education, human resource development, media, telecom, ICT and infrastructure" said Anand Sharma.

Both leaders expressed satisfaction that progress in meeting the target of developing 10,000 MW of hydropower capacity in Bhutan by 2020 is on schedule. Bhutan has an estimated hydropower potential of 30,000 MW with a little over 1,472 MW harnessed. Three major hydroelectric power projects (HEPs) have been built with Indian assistance in Bhutan - 336 MW Chukha, 60 MW Kurichhu and 1020 MW Tala HEPs. In July 2006, India and Bhutan signed an Agreement wherein India agreed to develop and import 5000 MW of electricity from Bhutan by 2020. This target was revised to 10,000 MW during PM's visit to Bhutan in May 2008.

Bhutan has been requesting for Ghasuapara and Dalu in Meghalaya on Indo-Bangladesh border as on exit/entry points for Bhutan's trade with Bangladesh. Anand Sharma informed that the Letter of Exchange (LOE) has been signed for allowing LCSs from 1st February, 2012. Similarly, The Letter of Exchange (LoE) to amend the Letter of Guarantee (LoG) under the India-Bhutan Agreement on Trade, Commerce and Transit has been finalised for implementation from 01.02.2012.

Total trade between the two countries has been increasing. Total exports to Bhutan were $ 176.00 million while total imports from Bhutan were $ 201.57 million during 2010-11. India's trade balance with Bhutan has turned negative from 2006 i.e. India imports more than it exports to Bhutan. Both the Minister expressed the confidence that the trade can be diversified and also be doubled in less than 5 years.

[Source: Ministry of Commerce & Industry, PIB Press Release dated 3rd February 2012]

EU, India Trade Talks Make Progress Ahead of February Summit

Trade talks between Brussels and New Delhi, which were launched in 2007, are reportedly moving forward in advance of the upcoming India-EU Summit, scheduled for 10 February in New Delhi. While the pact is unlikely to be ready for signature by the February meet, both sides have confirmed that steady progress is being made toward concluding negotiations, possibly by year's end.

At last week's World Economic Forum in Davos, Switzerland, EU Trade Commissioner Karel De Gucht expressed confidence in the two sides soon reaching an agreement; however, he also indicated that there are still a "number of problems that have to be resolved."

The pact was also backed at the Davos summit by British Prime Minister David Cameron, who made a push for concluding the EU-India agreement before the end of the year.

"Completing the free trade agreements with India, Canada, and Singapore could add €90 billion to Europe's GDP," he said.

Indian Commerce and Industry Minister Anand Sharma agreed that the deal is a complex one and that progress is being made.

The proposed pact would slash duties on over 90 percent of bilateral trade between the EU bloc and India, along with an opening of mutual markets for investments and services. Both sides have increasingly service-based economies, with 57 percent of India's gross domestic product coming from services.

"The Indian economy has enormously to gain from interaction with the European economy. We are looking forward to both countries competing in services. It has to be an ambitious agreement; it cannot be a simple tariff on goods agreement," EU Ambassador to India João Cravinho said in an interview with the Business Standard earlier this week.

EU-India trade has more than doubled, from €28.6 billion in 2003 to over €67.9 billion in 2010, according to European Trade Commission official data. Trade in commercial services has tripled from €5.2 billion in 2002 to €17.9 billion in 2010.

European Trade Commission estimates indicate that India would gain €5 billion and the EU over € billion in the short run alone, should the pact be finalised.

Tariffs on EU automobiles cause stir

With the India-EU summit fast approaching, concerns among European industry leaders have again been raised with regards to India's tariff and non-tariff barriers. Indian tariffs on wine and automobiles have long been an area of disagreement between the two trading partners.

The EU car industry, which is led by Germany's powerful VDA carmakers' association, says the agreement would grant Indian-built cars immediate duty-free access to the EU but would only reduce the tariff barrier to European automobile exports from 60 to 30 percent.

December Dollar Export Rise 6.71%, Imports Up 19.81%

Exports (including re-exports)

India's Exports during December, 2011 were valued at US$ 25015.89 million (Rs.131775.95 crore) which was 6.71 per cent higher in Dollar terms (24.48 per cent higher in Rupee terms) than the level of US$ 23442.07 million (Rs. 105856.90) during December, 2010. Cumulative value of exports for the period April-December 2011 -12 was US$ 217663.66 million (Rs 1024706.95 crore) as against US$ 172964.94 million (Rs.789068.93 crore) registering a growth of 25.84 per cent in Dollar terms and 29.86 per cent in Rupee terms over the same period last year.

Imports

India's Imports during December, 2011 were valued at US$ 37753.36 million (Rs.198873.00 crore) representing a growth of 19.81 per cent in Dollar terms (39.76 per cent in Rupee terms) over the level of imports valued at US$ 31511.08 million (Rs. 142293.94 crore) in December, 2010. Cumulative value of imports for the period April-December, 2011-12 was US$ 350935.69 million (Rs.1651239.75 crore) as against US$ 269175.16 million (Rs. 1228074.48 crore) registering a growth of 30.37 per cent in Dollar terms and 34.46 per cent in Rupee terms over the same period last year.

Crude Oil and Non-Oil Imports

Oil imports during December, 2011 were valued at US$ 10279.3 million which was 11.20 per cent higher than oil imports valued at US$ 9243.6 million in the corresponding period last year. Oil imports during April-December, 2011-12 were valued at US$ 105588.7 million which was 40.39 per cent higher than the oil imports of US$ 75211.4 million in the corresponding period last year.

Non-oil imports during December, 2011 were estimated at US$ 27474.1 million which was 23.38 per cent higher than non-oil imports of US$ 22267.5 million in December, 2010. Non-oil imports during April - December, 2011-12 were valued at US$ 245347.0 million which was 26.49 per cent higher than the level of such imports valued at US$ 193963.8 million in April-December, 2010-11.

Trade Balance

The trade deficit for April-December, 2011-12 was estimated at US$ 133272.03 million which was higher than the deficit of US$ 96210.22 million during April-December, 2010-11.

Exports & Imports : (US $ Million)

(*Provisional*)

	December	April-December
Exports(including re-exports)		
2010-11	23442.07	172964.94
2011-12	25015.89	217663.66
%Growth2011-12/ 2010-2011	6.71	25.84
Imports		
2010-11	31511.08	269175.16
2011-12	37753.36	350935.69
%Growth2011-12/ 2010-2011	19.81	30.37
Trade Balance		
2010-11	-8069.01	-96210.22
2011-12	-12737.47	-133272.03

Industry Leaders Met FM in Pre Budget Meets

The Union Finance Minister Pranab Mukherjee has said in order to achieve the objective of inclusive growth, we need to have 9 plus growth rate for a sustainable period. The Finance Minister said that in order to ensure that everybody gets due share of development, it is necessary that the benefits of the various development programmes reach the targeted beneficiaries in the given timeframe. The Finance Minister was addressing the representatives of Indian business and trade on 3 February in a meeting called by him as part of the Pre-Budget consultation process. The Finance Minister Mr. Mukherjee said that there are various challenges before us including higher growth, keeping inflation and fiscal and revenue deficit to manageable level among others which we all have to address collectively. The Finance Minister gave a brief account of micro and macro economic situation to the business and corporate leaders before soliciting their suggestions on vital economic issues. About 20 representatives of industry and trade sector attended the meeting. Those who attended the today's meeting included B. Muthuraman from CII, R.V. Kanoria from FICCI, R.N. Doot, Assocham, Y.C. Deveshwar, ITC Ltd., Nitin Paranjpe, Hindustan Unilever Ltd., Tulsi R. Tanti, Suzlon Energy Ltd., B.P. Rao, BHEL, Dr. Naresh Trehan, Mdeanta, M. Rafeeq Ahmed, FIEO, Som Mittal, Nasscom, Suman Jyoti Khaitan, PHD Chamber of Commerce & Industry, Joginder Kumar, Federation of Tiny & Small Industries of India and R.K. Sonthalia, Export Promotion Council for EOUs & SEZ among others.

The representatives of business and trade sector gave various suggestions for consideration of the Finance Minister. Some business leaders suggested that there is a need for amendment of Fiscal Responsibility and Budget Management (FRBM) Act with a roadmap for reduction in fiscal deficit in the next five years which would help in infusing a sense of discipline in raising revenues and containing expenditure. Most of the business leaders were in favour of reduction in interest rate at least by 50 basis points to send the positive signal to the market, industry and the corporate world at large as well as to boost the investment sentiments. It was also suggested that service tax base may be widened with a negative list and to exempt infrastructure sector companies and SEZ units from MAT. It was suggested to shift to accrual based budgeting from cash based budgeting for better outcome of money spent. It was suggested to revisit concept of dividend distribution tax. Disinvestment should come back on the agenda of the Government alongwith a roadmap. In order to improve health care, it was suggested that a benefit of tax deduction of Rs.10,000 be given to the citizens for preventive health check-up. It is better to invest in health care than curing the disease In order to boost the renewable sector, it was suggested that accelerated depreciation be continued for another decade for SMEs in this sector. It was also suggested that to achieve 8-9 GDP growth, agriculture sector should also grow at 4-5% to feed more than 1.2 billion people of India. In order to achieve this, modern farming techniques, Model Land Leasing Act, legalising land leasing in all States, encouraging R&D, setting-up of National Mission on Farm Mechanisation in PPP mode among others were suggested. It was also suggested that fruits, vegetables, milk and other perishables should be de-notified from APMC list. In order to improve the tax administration system and better generation of revenue, it was suggested to make tax evasion difficult and bring more items under tax net, move to e-invoicing system, implement DTC in its entirety and clear funds held-up in tax litigation and disputes among others. In order to boost the exports, it was suggested that interest rate for MSME sector be kept at 7 per cent and for others at 9 per cent or subvention should be provided to all sectors of exports at least till 31st March, 2013. Exports to be included in priority sector lending by the banks. It was also suggested that tiny and small sector units be treated at par with agriculture sector and no service tax be charged from them. It was also demanded that duty on readymade garments be also reduced or withdrawn. Similarly, agro-based units be exempted from excise duty while off-set printers be exempted from service tax.

[Source: Ministry of Finance, PIB Press Release dated 3rd February 2012]

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
06-Feb-12	48.9000	49.3750	48.8300	49.3100	49.3100	1174996	2507671	1230775	48.6790
03-Feb-12	49.3375	49.4625	48.9175	48.9575	48.9575	1172834	2362723	1160888	48.9640
02-Feb-12	49.4200	49.5450	49.2075	49.4125	49.4125	1131046	2639172	1302992	49.1288
01-Feb-12	49.8850	49.9900	49.5475	49.5750	49.5750	1135993	2183169	1087148	49.5325
31-Jan-12	49.9275	50.0775	49.6500	49.7500	49.7500	1121986	2283569	1138566	49.6825

[Source: NSE and RBI Website]

Pak gets WTO Waiver on EU TRQ for Pak

The Council for Trade in Goods, on 1 February 2012, approved a request by the European Union to temporarily lift EU duties on certain products from Pakistan to help the country recover from massive floods in 2010. This request for a waiver from its WTO obligations was initially made by the EU on 30 November 2010.

The EU presented a revised request (G/C/W/640/Rev.2) for a waiver on trade preferences for 75 products from Pakistan, which it said now included 20 on which tariff rate quotas would be applied instead of full liberalization. It said this revision reflected consultations with members that have expressed concerns about the EU request. The EU reiterated that it was asking for a waiver for an exceptional measure being taken in the light of exceptional circumstances, and would not be a precedent in the WTO. It added that the measures would be in effect from 1 January 2012 to 31 December 2013.

Saudi Arabia called on members to support the EU request.

Members that have previously expressed concerns about the waiver said they were now able to agree to the waiver after consultations with the EU and Pakistan, but stressed the waiver should not be treated as a precedent.

Brazil said that after intensive consultations with the EU, and also with private industry, it could now accept the waiver. Indonesia said it could now go along with the waiver. Bangladesh said that it is heavily dependent on textile exports, especially to the EU, but nevertheless view this as an exceptional circumstance. Argentina said the revised EU request allayed its concerns, and expressed solidarity with Pakistan. Peru noted the exceptional nature of the request.

The EU thanked members for their co-operation, adding that this showed the organization can move forward on trade matters. Pakistan expressed gratitude to members who are standing by in times of need and pain.

The Council approved the EU waiver request, and forwarded it to the General Council for adoption.

The Council also approved Cuba's request for a five-year extension of its waiver in relation to GATT Article XV:6 (concerning WTO members that are not members of the IMF), and forwarded it to the General Council for final adoption. The duration of the extension is from 1 January 2012 to 31 December 2016.

Korea expressed concern about a scheme in Chinese Taipei approved last December to grant $66 subsidy to consumers purchasing energy-saving and domestically-manufactured washing machines, air conditioners and dishwashers. It said this scheme is inconsistent with WTO provisions against favouring domestic over imported goods. Korea added that a previous similar scheme by Chinese Taipei was estimated to have cost Korean producers some $100 million.

The US and the EU requested Chinese Taipei to provide more information about the scheme.

Chinese Taipei took note of the concerns, which it said have been forwarded to the appropriate authorities.

China Raw Material Export Restrictions Illegal, Says WTO Appellate Body

Art XI of GATT Prevails over Art XX

In a high-profile dispute over access to natural resources, the WTO's Appellate Body on Monday confirmed that China violated WTO law and its accession protocol by restricting the exportation of nine raw materials (DS394, 395, 398).

In appealing a panel ruling from July 2011, China had challenged the panel's finding that Beijing's export restrictions could not be justified as resource conservation or environmental protection measures, or as a way to manage critical supply shortages.

While a victory for the US, EU, and Mexico as co-complainants had largely been expected, the ruling provides some clarifications that could have landmark value in future cases.

Beijing has established a system of export duties and quotas for a number of raw materials, including coke, zinc, and bauxite, as well as some that are only available in China. The resulting high export prices and limited supply impact foreign steel, aluminium, and chemical industries, and their downstream clients.

The EU estimates Chinese export prices are between 50 and 100 percent higher than domestic prices, affecting four percent of the EU's industrial activity and approximately 500,000 jobs.

In evaluating this concern, the WTO's highest court, for the first time ever, addressed WTO rules on export restrictions taken with the aim of managing critical shortages of essential products.

Article XI 2(a) of the WTO's General Agreement on Tariffs and Trade (GATT) provides that the general prohibition of quantitative restrictions, including bans and quotas, shall not apply where they are taken temporarily to prevent or relieve a critical shortage of foodstuff or other essential products.

This provision's relationship with another section of the GATT, Article XX - which establishes a number of justifications for otherwise illegal measures, on the basis of greater public policy objectives, such as public health or resource conservation - was particularly controversial, as China argued that the foreseeable depletion of finite resources was indeed a critical shortage.

Unlike Article XX(g) on resource conservation measures, Article XI 2(a) does not require that external measures be linked with restrictions on domestic production and consumption.

During the proceedings, China had argued that the Article XI 2(a) exception should also apply to long-term preventive measures. The Appellate Body disagreed, however, deeming that Article XI 2(a) only "applies in the interim, to provide relief in extraordinary conditions in order to bridge a passing need."

It further noted that "if a measure were imposed to address a limited reserve of an exhaustible natural resource, such measure would be imposed until the point when the resource is fully depleted." This scenario would make it impossible for an export restriction to relieve or prevent a shortage, the judges explained.

The finding that general resource conservation efforts do not permit export restrictions through Article XI 2(a) is likely to shape global trading patterns in essential raw materials in the coming decade. This is particularly true for trade in the highly precious rare earths materials - another subject that has lately generated heated debate between China and its trading partners.

De Gucht has already called upon China "to bring its overall export regime - including for rare earths - in line with WTO rules."

Article XX no fall-back option

Another matter before the Appellate Body was the applicability of Article XX to claims based on paragraph 11.3 of China's accession protocol, which obliges China to eliminate all its export duties. The dispute panel had denied the article's applicability, a ruling which the Appellate Body now confirmed.

The Appellate Body ruled that, since Article XX was not specifically addressed in the paragraph in question, there was no basis for the article to apply. "Had there been a common intention to provide access to Article XX, language to that effect would have been included in paragraph 11.3 or elsewhere in China's accession protocol," the judges noted.

Whether Article XX is available as a justification for claims brought under agreements other than GATT has long been a subject of debate among trade observers.

Many have argued in favour of using Article XX as a general "fall-back option" in order to resolve questions at the intersection of environment and trade on those grounds, rather than in a fragmented way under individual WTO law provisions. This is an issue of particular relevance to recently acceded countries that have agreed to "WTO+" commitments in their accession protocols.

While the Appellate Body was careful in limiting its analysis to the dispute in question, rather than generally ruling on the applicability of Article XX, the ruling is an important indication for future cases. This is particularly true for the ongoing dispute over the Canadian province of Ontario's feed-in tariff for renewable energy and its consistency with the WTO subsidy agreement.

For acceding countries, the ruling means that they will have to carefully ensure that Article XX is referenced in all those provisions that they want covered by the article's justifications for measures taken in the interest of the environment, resource conservation, human health, or public morality - a monumental task.

The alternative would be to incorporate Article XX as an umbrella clause in the accession protocols - an issue that could be very difficult to negotiate.

Referring to these difficulties, Beijing released the following statement on Monday: "China takes the view that the WTO rules, at the time of liberalising trade, allow a member to take necessary means to realise its policy objectives, such as protection of the exhaustible resources and the environment. A solution should be found by balancing different policy objectives."

Cabinet Approves Compulsory Local Content for Electronic Goods

The Cabinet has approved the proposal to provide preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications for the country and in Government procurement for its own use, consistent with our World Trade Organization (WTO) commitments.

The graded value-addition norm for electronic products to qualify as being domestically manufactured is described in Table below.

Table: Domestically Manufactured Electronic Products

Year	Percentage domestic value-addition in terms of Bill of Material (BOM)
Year 1	25%
Year 2	30%
Year 3	35%
Year 4	40%
Year 5	45%

[Source: Ministry of Communications & Information Technology, PIB Press Release dated 2^{nd} February 2012]

African Union Aims for Continental Free Trade Area by 2017

Plans to establish a pan-African trade pact are well underway, as part of a broader effort to increase intra-regional trade within the continent. However, these plans also hit an early roadblock during a week-long meeting of African leaders in Addis Ababa, Ethiopia, after various participants questioned such an agreement's feasibility.

Leaders at the African Union Summit, which took place from 23 to 30 January 2012 under the theme 'boosting intra-African trade', endorsed a plan to set up a Continental Free Trade Area (CFTA) by 2017. The proposed CFTA would be a key component of the AU's strategy to boost trade within the region by at least 25-30 percent in the next decade.

The "Declaration on boosting intra-African trade and the establishment of a continental free trade area" calls on member states, regional economic communities (RECs), and development partners to adopt the necessary measures toward the effective implementation of an Action Plan - a document produced during the AU trade ministers' meeting in December 2011 detailing priority action clusters to address obstacles to increasing intra-African trade.

Intra-African trade currently stands at 12 percent of total trade, compared to 60 percent for Europe, 40 percent for North America, and 30 percent for ASEAN, according to statistics cited by the WTO.

Enhancing this trade - such as through a large continent-wide trade deal - and deepening market integration "can contribute significantly to sustainable economic growth, employment generation, poverty reduction, inflow of foreign direct investment, industrial development, and better integration of the continent into the global economy," the AU declaration said.

Along similar lines, Nigerian President Goodluck Jonathan said on Sunday that the 2017 target date for launching the proposed Continental Free Trade Area was unrealistic. "There are no quick-fixes to integration," he said.

Meanwhile, WTO Director-General Pascal Lamy supported the initiative, stating that "there is absolutely no contradiction between accelerating regional integration and deepening the multilateral trading system" and encouraging leaders to "operationalise" intra-African trade.

"Creating a platform premised on a continental area free of restrictive trade barriers can create an environment receptive to the growth of these regional and global supply networks in Africa," Lamy added.

EU Inks Anti-Counterfeiting Pact

In an official ceremony held in Tokyo last week, representatives from the European Union and 22 of its member states signed the Anti-Counterfeiting Trade Agreement (ACTA), joining the eight other countries - including the US - that had signed the intellectual property trade pact late last year.

The agreement aims to strengthen the enforcement of intellectual property rights (IPRs) against rights infringement; some of these new standards go beyond the minimum requirements in the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

The EU follows Australia, Canada, Japan, South Korea, Morocco, New Zealand, Singapore, and the United States in signing onto the pact.

Of the negotiating parties, Switzerland and Mexico have yet to sign the agreement. In the case of the latter, it is still unclear whether Mexico City will do so, given that the Mexican Congress approved a resolution last year asking President Felipe Calderón not to sign the pact.

Countries have until 1 May 2013 to sign the pact. ACTA will become legally binding only after Japan - the depositary of the agreement - receives six ratification instruments from the negotiating parties.

Since the start of formal negotiations in 2008, several civil society groups have raised concerns about the lack of transparency in the ACTA negotiation process and regarding the possible effects of the pact's "TRIPS-plus" provisions on access to medicines and on the exercise of fundamental freedoms in the digital environment.

WHO Meet on 'Counterfeit' Medicines

Intellectual property concerns came to the fore at last week's meeting of the World Health Organization's Executive Board (EB), with discussions taking place on medical products deemed to be ineffective, falsely labelled, or counterfeit.

In this regard, the EB adopted a resolution establishing a "new Member State mechanism for international collaboration among Member States, from a public health perspective, excluding trade and intellectual property considerations" regarding 'substandard/spurious/falsely-labelled/falsified/ counterfeit medical products'. The mechanism is to be reviewed after three years of operation and its modalities will be decided on at the next Assembly in May.

Sources note that trade and intellectual property had been explicitly left out of the resolution, due to developing country fears that efforts to combat "counterfeit" medicines could affect trade in genuine and effective generic medicines.

Other concerns raised during discussions on this issue were about definitions - 'substandard/spurious/falsely-labelled/falsified/ counterfeit (SSFFC) medical products' is the terminology used in the resolution to assuage tensions over how best to refer to these products - and about the WHO's connection to the International Medical Products Anti-Counterfeiting Taskforce (IMPACT), a controversial partnership supported by the pharmaceutical industry that has created unease among civil society groups in terms of its involvement with what they consider IP enforcement-related matters.

Chan nominated for second term as WHO chief

At the meeting, the Executive Board also nominated Chan for a second term as Director-General of the organisation. Chan was the only candidate proposed for the position.

This nomination is likely to be approved at the Sixty-fifth World Health Assembly, scheduled to meet in Geneva in May. If confirmed, Chan's new term will begin on 1 July 2012 and continue until 30 June 2017.

WEEKLY INDEX OF CHANGES

Fused Silica under Tariff Line 3207 40 00

Fused Silica in Tube Form, Rods or Tubes Unworked Falls in HS Code 7002 31 00

Subject: Classification of Fused Silica under Customs Tariff Act, 1975.

03-CBEC
01.02.2012
(DoR)

References have been received in the Board from field formations regarding divergent practices being followed in respect of classification of 'Fused Silica' under Customs Tariff sub-heading 250610, 281122, 320740 or 700231.

2. The matter of correct classification of fused silica under the First Schedule to the Customs Tariff Act, 1975 was taken up for discussion during the Conference of Chief Commissioners of Customs on Tariff and allied matters held in May 2011. After examining the various entries in the said schedule and the technical aspects of the product in question, it was decided that the Chief Commissioners under whose jurisdiction the import of fused silica are taking place, shall furnish the technical details of the product to the Board; it was also decided to seek an expert opinion before arriving at a final decision regarding classification of the product.

3. Accordingly, reports received from various field formations where import of fused silica had taken place was examined and an expert opinion was sought from the Central Glass & Ceramic Research Institute (CGCRI), Kolkata. The report given by CGCRI and technical literature on the product reveals that 'Fused Silica' is type of glass containing primarily silica in amorphous (non-crystalline) form. Fused Silica is produced using high-purity silica sand as the feedstock, and is normally melted using an electric furnace or through continuous flame hydrolysis process, resulting in a material that is translucent or opaque. It has also been confirmed by CGCRI that naturally occurring fused silica is available in small quantity and for commercial use synthetically produced silica as above is generally in use.

4.1. In terms of the headings, relative Section or Chapter Notes to the First Schedule of the Customs Tariff Act, 1975 and the General Rules for the Interpretation of the said Schedule to the tariff, it is seen that the sub-heading 2506 covers the following:

2506 Quartz (other than natural sands); Quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape

In terms of chapter note 1 to chapter 25, the headings of this chapter cover only products which are in crude state or which have been subjected to basic process such as washing, crushing, grounding etc. by physical or mechanical process. Products which are processed beyond this basic process would not be covered under this Chapter. As explained in para 3 above, since fused silica is produced by chemical processes beyond the basic processes mentioned above and considering that naturally occurring fused silica is not available for commercial use, classification of synthetically produced fused silica is ruled out under sub-heading 2506.

4.2. Chapter 28 covers the following products: Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes

It is also stated in the technical literature that chemical composition of 'Fused Silica' and 'Silica' is same, as both are predominantly consist of Silicon dioxide (SiO_2). It may be noted that there is a specific entry under tariff item 28112200 as '*silicon dioxide*'. However, in view of Chapter Note 3 to Chapter 28, which excludes glass frit and other glass in the form of powder, granules or flakes, the classification of Fused Silica even though it consists of silicon dioxide (SiO_2) cannot be brought under tariff item 28112200 of chapter 28.

4.3. Sub-heading 3207 specifically covers '*glass frit and other glass, in the form of powder, granules or flakes'*. In the HSN explanatory notes to 3207 it has also been provided that Glass frit and all other varieties of glass (including vitrite and glass obtained from fused quartz or other fused silica) in the form of powder, granules or flakes, whether or not coloured or silvered is classifiable under sub-heading 3207. Therefore, on application of General Rules for the Interpretation (GIR) of the First Schedule to Customs Tariff GIR-1 and GIR-6, read with Chapter Note 3 to Chapter 28, 'Fused Silica' is correctly classifiable under tariff item 32074000.

4.4. Similarly, sub-heading 7002 covers *Glass in balls (other than microspheres of heading7018), rods or tubes, unworked.* Hence, Fused Silica in tube form, rods or tubes, unworked, is appropriately classifiable under tariff item 70023100.

5. Suitable instructions may be given to the field formation and all pending assessments, if any, may be finalized accordingly. Difficulty faced, if any, may be brought to notice of the Board.

F. No. 524/129/2011-STO (TU)

BIS Clearance Exempted on Slow Speed Commercial Vehicle Tyres, Off the Road Tyres, Run Flat Tyres and Collapsible Mini Tyres Import

[Ref: CBEC Instruction dated 30 January 2012]

Subject: Implementation of the Pneumatic Tyres and Tubes for Automotive Vehicles (Quality Control) Order 2009

Attention is invited to CBEC instructions F.No.528/109/2011 – STO (TU) dated 29.11.2011, and 15.12.2011 on the issue of the implementation of the Pneumatic Tyres and Tubes for Automotive Vehicles (Quality Control) Order, 2009. Further reference has been received in the Board from Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, clarifying that certain Commercial vehicles, Off the Road, Run flat and Collapsible types of tyres are not covered under the said Quality (Control) Order, 2009 (copy enclosed).

2. As such, in continuation to the above mentioned Instructions, it is clarified that in addition to pneumatic tyres covered by Clauses 3(a) to (f) of the Quality Control Order, 2009, the following types of tyres are also not covered under the said Order:

(i) Commercial Vehicle tyres – Certain types of tyres identified by Speed Symbols corresponding to speed below 80 km/h marked with speed Symbols as A (A1 to A8), B, C, D or E.

(ii) Off The Road Tyres – Certain types of tyres used for Off The Road (OTR) vehicles carrying Tyres Tread Code marking such as C (C1, C2), E (E1 to E4, E7), G(G1 to G4), L(L2 to L5, L3S to L5S), IND or NHS.

(iii) Run Flat Tyres – Tyres marked RF or similar marking and carrying the Symbol

(iv) Collapsible Mini Tyres

3. Thus, other than exempted pneumatic tyres, no person shall by himself or through any person on his behalf, import, store for sale, sell or distribute imported pneumatic tyres (which include pneumatic tubes) that do not conform to the specified standards and that do not bear the BIS Standard Mark.

F. No. 528/109/2011-STO (TU)

[DIPP Office Memorandum dated 13 December 2011 is available at our website www.worldtradescanner.com]

Mumbai Zonal DGFT Asks Exporters to Update Email Address of the Authorised Signatory

The following Trade Notice was issued by the office of the Additional DGFT, Mumbai on 30 January 2012.

04-TN
30.01.2012

It has been decided to interact closely with exporters so that various information regarding latest development/changes in the policy/procedures can be disseminated immediately. In this direction, to start with, all the Trade Notices/ Policy Circulars/Public Notices having wider implications would be e-mailed immediately to all exporters.

All exporters having IEC numbers may kindly inform the updated e-mail address of the Authorised Signatory so that communications/ correspondence can be directly made with him/

her. A separate letter mentioning the e-mail address of the Authorised Signatory and the contact person may be submitted to IEC counter so that details may be updated in IEC data. The details may also be forwarded to e-mail haroon.bilal@nic.in which would be updated in the IEC data.

It is further requested that e-mail addresses with name of the contact person shall be essentially mentioned on all correspondences submitted to this office from 15th February, 2012.

Instant Fruit Juice Powder/Crystals SION Notified

Subject: Fixation of Standard Input Output Norms (SION) of Food Products (Product Code: 'E') in the Handbook of Procedures V.2 (2009-14)

92-PN(RE) 01.02.2012 (DGFT) In exercise of the powers conferred under Para 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby makes the addition of two new entries at Serial Numbers E-129 and E-129 A in the Handbook of Procedures V.2 (2009-14) as detailed below:

SNo.	Export item	Qty		Import item	Qty
E-129	Instant Fruit Juice Powder/ Crystals **(with Sugar)**	1 kg.	*1	Relevant Sugar	550 gms
			**2	Relevant Food Additives	
				(i) Acidulant	80 gms
				(ii) Acidity Regulator	30 gms
				(iii) Emulsifiers / Stablizing Agent	30 gms
				(iv) Anticaking Agent	30 gms
				(v) Preservative	03 gms
				(vi) Nutrients/Vitamins/ Minerals	0.4 gm
			3	Relevant concentrates/juice/pulp puree	250 gms
			4	Relevant Natural & Nature identical Flavour / Artificial Flavour /Oleoresin / Essential Oil / Spices / Flavour Improver/ Flavour Fixing Agent	10 gms
			5	Permitted Food Colours	05 gms
			6	Packing Material	As per packing policy
E-129A	Instant Fruit Juice Powder/ Crystals **(Sugar free)**	1 kg.	*1	(a) Saccharin Sodium OR	04 gms
				(b) Aspertame OR	10 gms
				(c) Acesulfame Potassium	11 gms
			2 to 6	Same as at Sr. No. 2 to 6 of above Norm at E-129 (please also see Note 2 below in respect of input item 2)	

***Note 1:** Import of artificial sweetening agents viz. Lactose/ Mannitol, as substitute inputs is not allowed against Item No. 1, as is also spelt out in Policy Circular No.13 dated 31.01.2011.

****Note 2:** Cumulative quantity of relevant food additives should be limited to 100 gms/kg in addition to individual quantity limit.

3. Effect of the Public Notice

This notifies the SION for export product Instant Fruit Juice Powder / Crystals (both with sugar and sugar free). These are two new entries.

Biscuits SION Modified

Subject: Amendment of Standard Input Output Norms (SION) of Food Products (Product Code: 'E') in the Handbook of Procedures V.2 (2009-14).

93-PN(RE) 01.02.2012 (DGFT) In exercise of the powers conferred under Para 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby revises the SION E-5 relating to 'Biscuits' in the Handbook of Procedures V.2, (2009 14) as under:

SNo.	Export Item	Qty.		Import Item	Qty.
E-5	Biscuits	1 K.G	1	Wheat Flour	480 gms
			2*	Cane Sugar	190 gms
			3	Vegetable Shortening / Cream / Fats / Spray Fats.	180 gms
			4	Biscuit additives and Ingredients	
				i) Leavening Agent / Dough Conditioner	04 gms
				ii) Emulsifier / Stabilizing agent	01 gm
				iii) Relevant (Food Flavour / Flavouring agent / Flavour improvers)	16 gms
				iv) Starch	05 gms
				v) Relevant Food Colour	0.1 gms
				vi) Anti oxidant	0.1 gms
				vii) Fruit / Coco Powder	09 gms
				viii) Dietary Fibre	30 gms
			5	Milk & Milk Products	70 gms
			6	Packing Material	As per packing policy

*Note:- 1. Import of Lactose/Mannitol/Sodium Saccharin and other Artificial Sweetening Agents is not allowed as substitute inputs against import items No.2. This has also been spelt out in Policy Circular No. 13 dt. 31.01.2011.

2. Effect of the Public Notice

Description of export product is amended to read as 'Biscuit' instead 'Biscuits (with or without Dry Fruits)'. Description of import items have been mentioned in more specific details and quantities rationalised.

Sugar Free Assorted Confectionery SION Notified

Input Items and Quantities for Assorted Confectionery made of Cane Sugar Rationalised

Subject: Amendment of Standard Input Output Norms (SION) of Food Products (Product Code: 'E') in the Handbook of Procedures V.2 (2009-14).

94-PN(RE) 01.02.2012 (DGFT) In exercise of the powers conferred under Para 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby revises the SION E-1 and notifies a new SION E-1A for the Export Product Assorted Confectionery' in the Handbook of Procedures V.2 (2009-14) as under:

SNo.	Export Item	Qty.			Import Item	Qty. allowed
E-1	Assorted Confectionery (with Sugar)	100 Kg	1*		Cane Sugar	60 Kg
			2		Liquid Glucose	20 Kg
			3	a)	Relevant Fruit (Juice/ Pulp / Puree) OR	15 Kg
				b)	Cocoa, Milk & Milk Products	10 Kg
			4		Citric Acid/Tartaric Acid/Malic Acid (Food Grade relevant)	03 Kg
			5	i)	Relevant Essential Oils	500gms
				ii)	Relevant Food Colours	10gms
				iii	Relevant food Flavours	100gms
			6		Emulsifier/ Stabilizer / Glazing Agent/ Binders / Thickeners (item as per PFA Act 1955)	100gms
			7		Other Confectionery ingredients -edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee extracts, edible desiccated coconut.	05 kg
			8		Packing Material	As per packing policy
E-1A	Assorted Confectionery (Sugar Free)	100 Kg	1*	a)	Saccharin Sodium OR	200gms
				b)	Aspertame OR	400gms
				c)	Acesulfame Potassium	400gms
			2**		Starch / Modified Starch / Gelatin	60Kg
			3 to 9		Same as item no 2 to 8 of above Norm at E-1	

***Note 1:** Import of artificial sweetening agents viz. Lactose/ Mannitol, as substitute inputs is not allowed against Item No. 1, as is also spelt out in Policy Circular No.13 dated 31.01.2011.

****Note 2:** Tapioca Starch / Wheat Gluten is not allowed for import against item No.2 of E-1A.

2. Effect of the Public Notice

Description of input items have been mentioned in more specific details and quantities rationalized for export of Assorted Confectionery made of Cane Sugar. Another entry has also been created for Sugar free Assorted Confectionery.

DGFT Notifies Articles made of Thermo Plastic Elastomer (TPE) SION

Subject: Fixation of Standard Input-Output Norms (SION) for the export product "Articles made of Thermo Plastic Elastomer (TPE)".

95-PN(RE) 02.02.2012 (DGFT) In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-14, the following amendments are made in the Handbook of Procedures, Vol. II (as stated in paragraph 1.1 of Vol.I):

2. In Plastic Product Group (Product Code H), after the SION No. H-571, a new entry bearing number **H-572** will be **included** as under:

New SION No.	Export Item	Qty	Import Item	Qty
H-572	Articles made of Thermo Plastic Elastomer (TPE)	1 kg	Relevant Thermoplastic Elastomer (TPE) Granules	1.05 kg/kg content in the export product

Effect of new SION

A new SION for the export product "Articles made of Thermo Plastic Elastomer (TPE)" is being notified.

MIAPL Designated as Cargo Custodian for Sahar Airport

The following Public Notice was issued by the Commissioner of Customs (Export) Air Cargo Complex, Mumbai on 20 January 2012

06-PN 20.01.2012 In the exercise of the powers conferred under Section 45(1) and 141(1) of the Customs, Act, 1962, I, M. Ajitkumar, Commissioner of Customs (Import), Air Cargo Complex, Sahar, Mumbai, do hereby appoint M/s Mumbai International Airport Pvt. Ltd. (MIAPL), Mumbai, as Custodian (Customs Cargo Service Provider) of cargo to be imported by all Airlines handled by MIAPL for the purpose of safe custody at Air Cargo Complex, Sahar, Andheri (East), Mumbai, until they are cleared for home consumption or for warehousing or for transshipment in accordance with the provisions laid down under the Customs Act, 1962, and Rules and Regulations made thereunder subject to the following conditions:

(i) The Custodian shall comply with all the provisions of the Customs Act, 1962, especially those in Chapter VII and VIII of the Act and Rules and Regulations notified in this regard such and Handling of Cargo in Customs Areas Regulations, 2009, issued vide Notification No.26/2009-Customs (N.T.) dated 17th March, 2009, by Government of India, Ministry of Finance, Department of Revenue, New Delhi as amended from time to time as are applicable to custodian of goods in Customs Area.

(ii) The Custodian shall pay to the Government or the proper officer, on demand, any amount of Customs Duty payable on the imported goods pilfered or not accounted for, as per Section 45(3) of the Customs Act, 1962.

(iii) The goods shall be stored in areas as detailed below :

Schedule

Cargo Handled/ Storage Area	Extent of the Area and Type of Cargo Handled
03 Cold Storage Units placed within the premises of MIAPL Import Warehouse at Marol Pipeline Road	3 Reefer Containers with the following Dimensions : Outside – 2.896m (Height) x 2.438m (Width) x 12.192m (Length) Inside – 2.526m (Height) x 2.290m (Width) x 11.585m (Length) Capacity : Maximum Cargo weight = 26370 Kg and Cubic Capacity = 67.00 m³ Temperature Range = --18°C to 20°C placed within the premises of MIAPL Import Warehouse at Marol Pipeline on the ground floor for receipt, storage, disposal of longstanding (above 14 days) uncleared / unclaimed / abandoned international cargo perishable in nature, of Air Cargo Complex, Sahar, Mumbai

The duration of appointment shall initially be for a period of two years from the date of issue of this Public Notice and thereafter shall be renewed after review and subject to the satisfaction of the Commissioner of Customs.

F.No. S/3-Prev-Admn-65/2011 ACC

Jt Commissioner of Customs Designated in Air Cargo Complex Mumbai as Repository of Authorised Origin Certification Authority

The following Public Notice was issued by the Commissioner of Customs (Import) Air Cargo Complex, Mumbai on 21 January 2012

Sub: Verification of origin in case of goods imported under Free/Preferential Trade Agreement

07-PN 21.01.2012 Attention of the importers, trade and their agents is drawn to the above cited subject. A number of Free/Preferential Trade Agreements (FTA/PTA) are in operation at present under which goods can be imported at preferential rate of duty. Rules of Origin are notified under such Agreements which require the importer to, inter alia, make a claim at the time of importation, in the form of a prescribed Certificate of Origin (COO) under the seal and signature of authorized signatories, for claiming the preferential rate of duty.

2. There have been instances in the recent past where benefit of the preferential rate of duty has been denied by the assessing officer on the ground that the signature/seal on the Certificate of Origin is not available with them. It seems that the specimen signatures and seals of authorized signatories of Certificate of Origin (COO) is not being properly disseminated to the assessing officers.

3. In this connection, Board has asked the Systems Directorate to take up the issue of devising a quick and reliable system of dissemination of the signatures/seals to the assessing officers.

4. In the interim, locally the Jt. Commissioner/ Additional Commissioner of Customs, PRO (Import) has been designated in Air Cargo Complex, Mumbai to act as the repository of the circulated signatures/seals of the authorized signatories of Certificate of Origin (COO) and he will ensure the proper dissemination and also verification (in case of doubts raised) of the signatures/seals to the assessing officers.

Difficulty, if any, faced should be brought to the notice of the designated officer.

F.No.S/3-MISC-PRO-195/2010 ACC Date: 21.01.2012

Rupee Value under Indo-USSR Deferred Payment Protocol Revised to Rs. 71.456679 from 20 January 2012

Sub: Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

AP(DIR Srs) Cir.74 01.02.2012 (RBI) Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to A.P. (DIR Series) Circular No. 54 dated December 8, 2011, wherein the Rupee value of the Special Currency Basket was indicated as Rs. 73.923372 effective from November 28, 2011.

2. AD Category-I banks are advised that a further revision has taken place on January 17, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.71.456679 with effect from January 20, 2012.

3. AD Category-I banks may bring the contents of this Circular to the notice of their constituents concerned.

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Crude Rises but Gas Falls, World Sugar on the Rise, Rice Falls

Non Ferrous Metals Up but Steel Steady

Up ↑

Coal, Crude oil; Cocoa, Coffee arabica

Coconut oil, Palm oil, Soybean oil, Soybean meal and Soybeans

Barley, Maize, Sorghum; Wheat; World Sugar; Chicken meat

Logs, Malaysia; Cotton, Rubber; Potassium Chloride, TSP and Urea

Gold and Silver; Aluminium, Copper, Iron ore, Lead, Nickel, Tin and Zinc

Down ↓

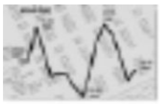
Natural gas; Tea; Copra, Palmkernel oil;

Thai Rice; Bananas; Fishmeal, Sheep meat; Oranges;

Sawnwood and Woodpulp; DAP; Steel products

Steady ↔

Beef, Shrimp; Plywood, Rock Phosphate; CR and HR Coil Sheet, Steel rebar and Steel wire rod



	Monthly averages				Quarterly averages					Annual averages		
	2011		2012		2010	2011				2010	2011	2012
	Nov	Dec	Jan		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Energy												
Coal, Australia $/mt	113.8	109.66	115.14	↑	107.63	128.99	120	120.61	114.15	98.97	120.94	115.14
Crude oil, average $/bbl	105.41	104.23	107.07	↑	85.42	99.75	110.05	103.07	103.16	79.04	104.01	107.07
Crude oil, Brent $/bbl	110.5	107.91	111.16	↑	86.79	104.9	117.1	112.47	109.29	79.64	110.94	111.16
Crude oil, Dubai $/bbl	108.59	106.22	109.78	↑	84.37	100.4	110.56	107.01	106.16	78.06	106.03	109.78
Crude oil, West Texas Int. $/bbl	97.12	98.56	100.29	↑	85.09	93.95	102.5	89.73	94.03	79.43	95.05	100.29
Natural gas Index 2005=100	109.1	109.6	107.2	↓	89.6	97.6	106	111.3	110	91.5	106.2	107.2
Natural gas, Europe $/mmbtu	11.32	11.53	11.45	↓	8.54	9.45	10.31	10.88	11.42	8.29	10.52	11.45
Natural gas, US $/mmbtu	3.24	3.16	2.68	↓	3.8	4.18	4.37	4.12	3.32	4.39	4	2.68
Natural gas LNG, Japan $/mmbtu	16.78	16.5	16.25	↓	10.91	11.99	13.71	16.35	16.59	10.85	14.66	16.25
Beverages												
Cocoa ¢/kg	252.7	219.7	230.8	↑	296.6	334.3	307.4	303.5	246.8	313.3	298	230.8
Coffee, arabica ¢/kg	540.3	521.9	523	↑	513.9	620	636.5	597.7	536.2	432	597.6	523
Coffee, robusta ¢/kg	214.4	217	213.2	↓	199.4	241.5	262.6	243.1	215.9	173.6	240.8	213.2
Tea, auctions (3) avg. ¢/kg	278.7	269.5	266.9	↓	303.5	288.7	299.7	300.3	279.5	288.5	292.1	266.9
Tea, Colombo auctions ¢/kg	315.5	311.1	305.8	↓	342.4	356.3	319.7	313	316.7	329	326.4	305.8
Tea, Kolkata auctions ¢/kg	254.9	236.1	230.3	↓	311.7	229.2	313	312.8	256.4	280.5	277.9	230.3
Tea, Mombasa auctions ¢/kg	265.8	261.3	264.5	↑	256.3	280.6	266.3	275.3	265.4	256	271.9	264.5
Fats and Oils												
Coconut oil $/mt	1,479	1,445	1,451	↑	1,546	2,073	1,996	1,474	1,377	1,124	1,730	1,451
Copra $/mt	980	968	965	↓	1,038	1,379	1,342	991	917	750	1,157	965
Groundnut oil $/mt	2,225	n.a.	n.a.		1,604	1,723	1,830	2,142	n.a.	1,404	1,985	n.a.
Palm oil $/mt	1,053	1,027	1,061	↑	1,108	1,251	1,147	1,079	1,025	901	1,125	1,061
Palmkernel oil $/mt	1,298	1,367	1,366	↓	1,619	2,131	1,874	1,338	1,250	1,184	1,648	1,366
Soybean meal $/mt	354	342	367	↑	424	437	400	399	357	378	398	367
Soybean oil $/mt	1,217	1,204	1,218	↑	1,242	1,349	1,311	1,324	1,214	1,005	1,299	1,218
Soybeans $/mt	486	474	498	↑	522	565	557	553	488	450	541	498
Grains												
Barley $/mt	211.5	212.5	213.3	↑	181.1	198.1	209.5	210.4	210.9	158.4	207.2	213.3
Maize $/mt	274.4	258.6	272.8	↑	241.5	282.8	312.6	302.1	269.3	185.9	291.7	272.8
Rice, Thailand, 5% $/mt	615.3	585.8	546.7	↓	510.8	511.2	493.1	567.7	600.1	488.9	543	546.7
Rice, Thailand, 25% $/mt	584.3	565.5	534	↓	471.4	465.4	456.8	532	570	441.5	506	534
Rice,Thai, A.1 $/mt	549.8	544	517.7	↓	423.1	411.3	419.2	476.2	527.6	383.7	458.6	517.7
Rice, Vietnam 5% $/mt	568.7	504.4	475.7	↓	504.7	478.8	479.7	544.8	551.2	429.2	513.6	475.7
Sorghum $/mt	265.4	256.4	265.7	↑	208.6	255.2	270.5	287.5	261.8	165.4	268.7	265.7
Wheat, Canada $/mt	407.7	393.7	381.6	↓	383.6	449	474.6	429.8	405.2	312.4	439.6	381.6
Wheat, US, HRW $/mt	281	269	274.9	↑	283.6	330.5	339.3	315.6	279.7	223.6	316.3	274.9
Wheat, US, SRW $/mt	253.2	244.7	253.9	↑	284.9	320.8	301.9	270.5	250.5	229.7	285.9	253.9

	Monthly averages				Quarterly averages					Annual averages		
	2011		2012		2010	2011				2010	2011	2012
	Nov	Dec	Jan		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Other Food												
Bananas, EU $/mt	971	940	926	↓	1,033	1,251	1,250	1,030	968	1,002	1,125	926
Bananas, US $/mt	956	942	939	↓	909	964	1,004	953	951	868	968	939
Fishmeal $/mt	1,339	1,309	1,307	↓	1,613	1,740	1,648	1,426	1,336	1,688	1,537	1,307
Meat, beef ¢/kg	416.5	419.2	419.6	↔	353.2	409.5	406.3	393.8	407.2	335.1	404.2	419.6
Meat, chicken ¢/kg	196.7	198	199.2	↑	189.3	188.2	191	194.3	197	189.2	192.6	199.2
Meat, sheep ¢/kg	663.6	650.7	648	↓	618.7	637.1	668.5	686.5	660.2	531.4	663.1	648
Oranges $/mt	682	758	731	↓	878	824	878	1,038	824	1,033	891	731
Shrimp, Mexico ¢/kg	1,083	1,069	1,069	↔	1,222	1,246	1,244	1,198	1,085	1,004	1,193	1,069
Sugar, EU ¢/kg	44.26	42.93	42.16	↓	44.38	44.69	47.02	46.13	44.01	44.18	45.46	42.16
Sugar, US ¢/kg	83.61	79.83	76.48	↓	84.86	86.56	80.28	86.72	82.09	79.25	83.92	76.48
Sugar, world ¢/kg	52.95	50.79	51.94	↑	58.01	62.7	52.56	60.72	53.29	46.93	57.32	51.94
Timber												
Logs, Cameroon $/cum	481.1	466.7	458.3	↓	448.5	451.6	489.6	515.1	483	428.6	484.8	458.3
Logs, Malaysia $/cum	403.3	387.9	390.5	↑	312.1	326.2	382.1	444.7	409	278.2	390.5	390.5
Plywood ¢/sheets	617.5	615	615	↔	580.5	588.5	603.2	621	617.5	569.1	607.5	615
Sawnwood, Cameroon $/cum	771.4	753.9	750.8	↓	847.8	833.1	872.2	823.1	774.6	812.7	825.8	750.8
Sawnwood, Malaysia $/cum	892.8	888.4	877	↓	892.9	921.6	959.2	965.2	911.8	848.3	939.4	877
Woodpulp $/mt	838.3	794.5	770	↓	897.8	891.5	942	930.5	834.6	866.8	899.6	770
Other Raw Materials												
Cotton A Index ¢/kg	230.8	209.7	222.5	↑	330.1	456.9	386.7	259.4	228.1	228.3	332.8	222.5
Rubber, RSS3 ¢/kg	337.2	338.4	362.6	↑	432.8	573.2	530.1	465.3	360.6	365.4	482.3	362.6
Rubber, TSR20 ¢/kg	333	334.7	350.4	↑	425.9	525.1	467.3	456.5	358.7	338.1	451.9	350.4
Fertilizers												
DAP $/mt	611.3	575	530	↓	585.6	601.7	617.3	650.8	605.7	500.7	618.9	530
Phosphate rock $/mt	202.5	202.5	202.5	↔	140	158.3	182.5	197.5	201.3	123	184.9	202.5
Potassium chloride $/mt	474	475	476.3	↑	343.2	374.2	422.7	471.3	473	331.9	435.3	476.3
TSP $/mt	570	530	435	↑	463.8	486.3	544.2	558.3	564.2	381.9	538.3	435
Urea $/mt	470.9	353.8	368.4	↑	357	353.4	407.9	485.4	437.3	288.6	421	368.4
Metals and Minerals												
Aluminum $/mt	2,080	2,022	2,144	↑	2,343	2,501	2,611	2,399	2,094	2,173	2,401	2,144
Copper $/mt	7,581	7,565	8,040	↑	8,637	9,642	9,173	8,984	7,514	7,535	8,828	8,040
Gold $/toz	1,738	1,642	1,652	↑	1,367	1,384	1,507	1,700	1,682	1,225	1,568	1,652
Iron ore, spot, cfr China $/dmt	135.5	136.4	140.3	↑	155.9	178.6	175.8	175.9	140.8	145.9	167.8	140.3
Lead ¢/kg	199.4	202.2	209.6	↑	239	260.4	255.1	245.5	199.2	214.8	240.1	209.6
Nickel $/mt	17,873	18,267	19,855	↑	23,609	26,870	24,355	22,024	18,393	21,809	22,910	19,855
Silver ¢/toz	3,327	3,013	3,077	↑	2,647	3,179	3,857	3,885	3,182	2,020	3,526	3,077
Steel products index 2005=100	142.9	141.7	138.7	↓	126.1	135.4	147.7	146.8	143.8	124	143.4	138.7
Steel cr coilsheet $/mt	900	900	900	↔	850	867	900	900	900	816	892	900
Steel hr coilsheet $/mt	800	800	800	↔	750	767	800	800	800	716	792	800
Steel rebar $/mt	640	640	640	↔	550	600	640	640	640	563	630	640
Steel wire rod $/mt	790	790	790	↔	653	684	782	790	790	712	762	790
Tin ¢/kg	2,129	1,938	2,144	↑	2,601	2,986	2,885	2,466	2,085	2,041	2,605	2,144
Zinc ¢/kg	194	190	198	↑	231	239	225	222	190	216	219	198

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

AD Banks Format for Fortnightly Balances in Diamond Dollar Accounts

Sub: Opening of Diamond Dollar Accounts (DDAs)

AP(DIR Srs) Cir.73 31.01.2012 (RBI)

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to A.P. (DIR Series) Circular No. 51 dated February 13, 2009 delegating powers to AD Category–I banks to open and maintain DDAs by eligible firms and companies subject to certain terms and conditions.

2. It has now been decided that AD Category-I banks should submit a statement giving the data on the DDA balances maintained by them on a fortnightly basis as per format annexed, within seven days of close of the fortnight to which it relates, to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Trade Division, 5th Floor, Amar Building, Mumbai – 400001.

3. The other terms & conditions mentioned in the A.P. (DIR Series) Circular No. 51 dated February 13, 2009 and A.P. (DIR Series) Circular No. 13 dated October 29, 2009 shall remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Annex

[Annex to A.P. (DIR Series) Circular No.73 dated January 31, 2012]

Statement showing balances in Diamond Dollar Account on daily basis during the fortnight ended ....

Name of the Bank:

A.D. Code No.:

Date:

Balances (in USD Million):

Balances (in Rupee equivalent in Crore):

Signature of Authorised official

Stamp

Date:

RBI Simplifies Procedure of ECB

Sub: External Commercial Borrowings – Simplification of procedure

AP(DIR Srs) Cir.75 07.02.2012 (RBI)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide Notification No. FEMA 3/2000-RB dated May 3, 2000, A.P. (DIR Series) Circular No. 5 dated August 1, 2005 relating to the External Commercial Borrowings (ECB), as amended from time to time and A. P. (DIR Series) Circular No.33 dated February 09, 2010**.**

2. As per the extant ECB procedures, requests for reduction in the amount of ECB, changes in the drawdown schedule where the original average maturity period is not maintained and reduction in the all-in-cost of the ECB after obtaining the Loan Registration Number (LRN) is required to be referred by the AD Category-I bank to the Foreign Exchange Department, Central Office, Reserve Bank of India for necessary approval.

3. As a measure of simplification of the existing procedures, it has been decided to delegate powers to the designated AD category-I banks to approve the following requests from the ECB borrowers, subject to specified conditions:

a) Reduction in amount of ECB

The designated AD Category-I bank may approve requests from ECB borrowers for reduction in loan amount in respect of ECBs availed under the automatic route, subject to ensuring the following conditions:-

(i) the consent of the lender for reduction in loan amount has been obtained;

(ii) the average maturity period of the ECB is maintained;

(iii) the monthly ECB-2 returns in respect of the LRN have been submitted to the Department of Statistics and Information Management (DSIM); and

(iv) there is no change in the other terms and conditions of the ECB.

b) Changes/modifications in the drawdown schedule when original average maturity period is not maintained

As per the extant procedures, Designated AD Category – I banks have been delegated powers to approve changes / modifications in the drawdown / repayment schedule of the ECBs already availed, both under the approval and the automatic routes, subject to the condition that the average maturity period, as declared while obtaining the LRN, is maintained.

It has now been decided that the designated AD Category-I bank may approve requests from ECB borrowers for changes/modifications in the **drawdown schedule** resulting in the original average maturity period undergoing change in respect of ECBs availed both under the **automatic and approval routes,** subject to ensuring the following conditions:-

(i) there are no changes/modifications in the **repayment schedule** of the ECB;

(ii) the average maturity period of the ECB is **reduced** as against the original average maturity period stated in the Form 83 at the time of obtaining the LRN;

(iii) such reduced average maturity period **complies with the stipulated minimum average maturity period** as per the extant ECB guidelines;

(iv) the change in all-in-cost is only due to the change in the average maturity period and the ECB complies with the extant guidelines; and

(v) the monthly ECB-2 returns in respect of the LRN have been submitted to DSIM.

Any elongation / rollover in the repayment, on expiry of the original maturity, of the ECB, would however, continue to require the prior approval of the Reserve Bank.

c) Reduction in the all-in-cost of ECB

The designated AD Category-I bank may approve requests from ECB borrowers for reduction in all-in-cost, in respect of ECBs availed both under the **automatic and approval routes,** subject to ensuring the following conditions:-

(i) the consent of the lender has been obtained and there are no other changes in the terms and conditions of the ECB; and

(ii) the monthly ECB-2 returns in respect of the LRN have been submitted to DSIM.

4. The designated AD Category-I bank should ensure that the ECBs continue to comply with the extant guidelines while exercising their delegated powers and changes are promptly reported to the Department of Statistics and Information Management (DSIM), Reserve Bank of India in Form 83.

Cont'd..468

China in Trade War with EU Over Carbon Emission Levy

China banned airlines from taking part in a European Union carbon-emissions system designed to curb pollution, saying the program violates international rules.

The system contravenes the United Nations Framework Convention on Climate Change and international civil aviation regulations, the Civil Aviation Administration of China said in a statement cited on 5 February by the official Xinhua news agency. Carriers were also barred from using the EU program as a reason for raising fares, it said.

The European Union hopes to resolve the issue through negotiations, Markus Ederer, its ambassador to China, said at a press briefing in Beijing on 6 February. India, the U.S. and global airlines have also raised objections to the levy, arguing it will raise costs and be less effective than a global solution.

The airline group has called on the government to oppose the EU levy and it is working on a legal challenge in Germany. Whether the lawsuit will continue will depend on the EU reaction to the China ban, Chai said. The group's members include China's big three state-controlled carriers, Air China Ltd. (753), China Southern Airlines Co. and China Eastern Airlines Corp. (670)

The EU added aviation to a wider carbon-trading system on Jan. 1. The move could cost Chinese airlines as much as 800 million yuan in 2012, according to the China airline group.

The dispute could be resolved in a number of ways, including bilateral or multilateral talks, or through a legal ruling, Ederer said. The EU Court of Justice in December upheld the legality of the bloc's drive to extend the world's largest carbon cap-and-trade program beyond its borders.

Tariff Value of Gold Raised by US$30 per 10 gms and Silver by US$113/kg

Brass Scrap Tariff Value Up by US$70 per MT and Poppy Seeds Raised by US$235/MT

10-Cus(NT) 31.01.2012 (DoR) In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.) dated, the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii) vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for **TABLE-1 and TABLE-2**, the following Tables shall be substituted namely:-

"Table-1

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)	4078
9	1207 91 00	Poppy seeds	2205

Table-2

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US $)
(1)	(2)	(3)	(4)
1	71	Gold, in any form in respect of which the benefit of Notification No. 3/2012-Customs dated 1 6.01.2012 is availed	556 per 10 grams
2	71	Silver, in any form in respect of which the benefit of Notification No. 3/2012-Customs dated 16.01.2012 is availed	1067 per kilogram"

[F. No. 467/01/2012-Cus.V]

Customs Valuation Exchange Rates

February 2012		Imports	Exports	
Schedule I				
1	Australian Dollar	53.45	52.20	Rate of exchange of one unit of foreign currency equipment to Indian Rupees
2	Canadian Dollar	50.30	49.00	
3	Danish Kroner	8.90	8.65	
4	EURO	66.00	64.40	
5	Hong Kong Dollar	6.45	6.35	
6	Norwegian Kroner	8.65	8.60	
7	Pound Sterling	78.90	77.15	
8	Swedish Kroner	7.45	7.25	
9	Swiss Franc	54.70	53.35	
10	Singapore Dollar	40.05	39.10	
11	U.S. Dollar	50.20	49.40	
Schedule II				Rate of exchange of 100 units of foreign currency equivalent to Indian rupees
1	Japanese Yen	65.40	63.65	

(Source: Customs Notification 09(NT)/30.01.2012]

Commodity Spot Prices in India – 04-07 February 2012

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

(Rs.)

Commodity	Unit	Market	04-Feb	06-Feb	07-Feb
CER (Carbon Trading)	1 MT	Mumbai	NA	NA	NA
Chana	100 KGS	Delhi	3325	3321	3363
Masur	100 KGS	Indore	3000	3025	3026
Potato	100 KGS	Agra	NA	NA	NA
Potato TKR	100 KGS	Tarkeshwar	NA	NA	NA
Arecanut	100 KGS	Mangalore	NA	NA	NA
Cashewkern	1 KGS	Quilon	NA	NA	NA
Cardamom	1 KGS	Vandanmedu	615.2	635.4	691.7
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	4909	4909	4963
Guar Gum	100 KGS	Jodhpur	NA	NA	NA
Maize	100 KGS	Nzmbad	1190	1190	1180
Wheat	100 KGS	Delhi	1245.4	1249.6	1250.8
Mentha Oil	1 KGS	Chandausi	1669.2	1682.6	1664.4
Cotton Seed	100 KGS	Akola	NA	NA	NA
Castorsd RJK	100 KGS	Rajkot	3526	3531.5	3559.5
Guar Seed	100 KGS	Bikaner	12543	12080	12000
Soya Bean	100 KGS	Indore	2457	2470	2473.5
Mustrdsd JPR	20 KGS	Jaipur	650	659.2	667.1
Sesame Seed	100 KGS	Rajkot	6200	6210	6188
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA
Kapaskhali	50 KGS	Akola	1235	1231.8	1227.9
Coconut Oil	100 KGS	Kochi	7072	7072	7072
Refsoy Oil	10 KGS	Indore	693.95	695.35	696.05
CPO	10 KGS	Kandla	512.4	513.8	513.7
Mustard Oil	10 KGS	Jaipur	712.4	712.1	723.2
Gnutoilexp	10 KGS	Rajkot	1050	1050	1066.4
Castor Oil	10 KGS	Kandla	NA	NA	NA
Crude Oil	1 BBL	Mumbai	4791	4791	4717
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA
Brent Crude	1 BBL	Mumbai	5610	5610	5643
Gur	40 KGS	Muzngr	NA	NA	NA
Sugars	100 KGS	Kolhapur	NA	2844	2857
Sugarm	100 KGS	Delhi	3055	3058	3063
Natural Gas	1 mmBtu	Hazirabad	122.4	122.4	124.1
Rubber	100 KGS	Kochi	18911	19036	18932
Cotton	1 Bales	Rajkot	17470	17710	17620
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA
Jute	100 KGS	Kolkata	2399	2388	2397
Gold	10 GRMS	Ahmd	27650	27619	27570
Gold Guinea	8 GRMS	Ahmd	22209	22184	22145
Silver	1 KGS	Ahmd	55200	55158	55245
Sponge Iron	1 MT	Raipur	NA	NA	NA
Steel Flat	1000 KGS	Mumbai	NA	NA	NA
Steel Long	1 MT	Gobindgarh	NA	NA	NA
Copper	1 KGS	Mumbai	421.15	421.15	414.75
Nickel	1 KGS	Mumbai	1017.3	1029.7	1049
Aluminium	1 KGS	Mumbai	105.7	107.9	106.85
Lead	1 KGS	Mumbai	105.1	107.4	105.05
Zinc	1 KGS	Mumbai	102.25	104	102.9
Tin	1 KGS	Mumbai	1174.5	1165.25	1188

(Source: MCX Spot Prices)

Cargill says Food Prices Set to Rise

The era of falling food prices has come to an end with the world population set to add another 2 billion people, according to Cargill Inc., the U.S. farm commodities trader.

"You don't have to be a reviving bull on commodities to believe that the era, which went from the 50's, 60's to 70's and early 80s, of ever decreasing food prices in real terms has probably come to an end," Paul Conway, vice chairman of Cargill, said at the Kingsman sugar conference in Dubai on 4 February.

The FAO food-price index averaged 228 points last year, 23 percent more than in 2010 and above the 200 points recorded in 2008, when food riots erupted from Haiti to Egypt. Prices since then have declined 11 percent by December.

Cargill, based in Minnesota, trades all kinds of farm commodities, including cocoa, soybeans, corn, sugar, meat, wheat and ethanol. Conway is based in Cobham, England. Wheat has doubled since the end of 2005, raw sugar is twice the price in December 2008 and orange juice climbed to a record last month.

Group of 20 farm ministers agreed to a plan last year in June to set limits on export bans and create a crop database to tackle what French President Nicolas Sarkozy called the "plague" of rising food prices.

US Trade Gap Rises to $48.5bn in November

The trade deficit in the U.S. probably widened in December to a six-month high as imports climbed faster than exports, economists said a report this week will show.

The gap grew to $48.5 billion from the $47.8 billion shortfall in November, according to the median of 61 estimates in a News survey ahead of Commerce Department figures on Feb. 10. Consumer sentiment held close to a one-year high and firings were little changed, other reports may show.

Imports will probably keep rising as an improving job market underpins consumer spending, and businesses rebuild inventories and replace out dated equipment. At the same time, demand from emerging markets is boosting sales at companies like General Electric Co. (GE) and Caterpillar Inc. (CAT), buffering the fallout from Europe's debt crisis and helping to sustain exports.

Payrolls climbed by 243,000 workers in January, the biggest increase in nine months, Labor Department figures showed on Feb. 3. The unemployment rate fell to 8.3 percent, the lowest since February 2009.

Stocks Rally

Stocks rallied after the report fueled optimism the economy will withstand the European debt crisis. The Standard & Poor's 500 Index has increased for five straight weeks, the longest winning streak in a year. The gauge is off to the best start to a year since 1987.

Rising oil costs may lift the import bill this year. The price of Brent crude traded on the ICE Futures Europe exchange in London was $114.54 as of last week, up 6.6 percent from $107.38 at the end of December.

Exporters may continue to see gains. Caterpillar, the largest construction and mining equipment maker, posted fourth-quarter profit that beat analysts' estimates and said prospects for global growth have improved. It also projects more orders as pent-up demand is released and customers replace older products.

WORLD TRADE SCANNER

BIG's WEEKLY INDEX OF CHANGES

Cont'd..466

5. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as, USD 750 million limit per company per financial year under the automatic route, eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

6. AD Category –I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

7. The directions contained in this circular have been issued under sections 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

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