

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

WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 \$2

Vol. XXVII No 08 19-25 May 2010

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

Annual subscription Rs 750



Euro Falls to Lowest Since April 2006 on European Debt Crisis

The euro declined to the lowest level in more than four years against the dollar on concern European measures to reduce fiscal deficits will undermine the 16-nation region's recovery.

The shared currency slid for a third day versus the yen before the euro area's finance ministers meet in Brussels on 17 May and after European Central Bank President Jean-Claude Trichet called for a "quantum leap" in policy making. The pound reached a 13-month low after U.K. Prime Minister David Cameron said the government had uncovered "very bad" spending decisions by the previous administration and as a report showed London home prices fell for the first time this year.

The euro dropped to \$1.2279 from \$1.2358 in New York on May 14, after earlier touching \$1.2235, the lowest level since April 18, 2006. Europe's currency slid to 112.82 yen from 114.38, after reaching 112.46, the least since May 6. The yen rose to 91.87 per dollar from 92.47.

'Quantum Leap'

Trichet called for reform of the way euro-zone countries determine spending and defended his decision to buy bonds from debt-saddled countries such as Greece and Portugal.

Futures traders last week increased bets to a record that the euro will fall following a 750 billion-euro (\$927 billion) bailout to contain a sovereign-debt crisis.

The number of wagers by hedge funds and other large speculators for a decline in the 16-nation currency rose on May 11 to 113,890 contracts more than those anticipating a gain, according to Commodity Futures Trading Commission data. It was the third-consecutive week that the amount climbed to a record.

Spain's underlying turned negative in April for the first time on record. Core consumer prices, which exclude energy and fresh food, fell 0.1 percent from a year earlier, after rising 0.2 percent in March, the National Statistics Institute in Madrid said on May 14.

U.K. Central Bank

The U.K. central bank said last week that downside risks to economic growth "have increased somewhat," citing the impact of the fiscal crisis in Europe.

The pound extended losses as Chancellor of the Exchequer George Osborne is set to announce his promised fiscal watchdog today, as the new coalition government pins the blame for planned tax rises and spending cuts on its Labour predecessor.

BRIC Holds the Key to Doha, Says US

The Doha Round of global trade talks has been moribund for almost two years. In an attempt to revive it, different groups of WTO members are meeting to explore possible ways forward.

Senior officials from five influential member governments - the US, the EU, China, Brazil, and India - met in Paris in late April to examine the state of the struggling WTO talks. That meeting has inspired another, broader, gathering that involving 19 countries, to be hosted by the EU and India at the former's mission in Geneva from 19-20 May.

It remains unclear whether governments will be able to overcome substantial differences in opinion on what a multilateral trade deal should look like. These divisions have caused the negotiations to stumble from one breakdown to another since they were launched in late 2001.

Michael Punke, the new US ambassador to the WTO, believes that having member governments meet in a "constellation of [different] configurations" could help them bridge these divides.

Speaking to reporters on Monday, Punke made no secret about what he thought was needed for a Doha deal: more market opening by large developing countries such as Brazil, China and India.

The new US ambassador, whose arrival in Geneva was held up by Congressional Republicans for several months, expressed irritation with the notion that Washington had not made it clear exactly what it was seeking.

The Indians, Brazilians and Chinese were "intimately familiar" with the United States' objectives, Punke said. In the industrial goods negotiations, the US wanted tariff cuts for "priority sectors" such as chemicals, electrical equipment, and forest products. In the agriculture talks, Washington wanted to ensure that flexibilities for developing countries would not create loopholes that undermine market access. In particular, it did not want the 'special safeguard mechanism' to allow developing countries to temporarily raise agricultural tariffs beyond their pre-Doha bound ceiling rates in the event of import surges or price collapses in order to protect farmers. As for services trade, he said

that advanced developing countries should commit to opening their markets to foreign competition in sectors such as computer services and express delivery.

According to Punke, talk of US concessions in return for these gains is premature, at the very least, since the formulas and figures for tariff and subsidy cuts in the draft agreement texts dating back to 2008 are tilted unfairly against

the US. "It's ironic to me to talk about a starting point of additional US concessions when it's our premise that the round is currently imbalanced and that balance needs to be improved."

Punke's views, including his rejection of the parameters that came close to forming the basis of a WTO agreement in July 2008, matched those expressed by top US trade officials in the past two years, irrespective of administration.

Brazil, India Challenge Generic Drug Detentions

After months of speculation, Brazil and India have launched a WTO dispute against the EU and the Netherlands over the seizure of generic drugs in transit, the Brazilian Mission to the WTO announced on Wednesday.

The two complainant countries have requested consultations with the EU and the Netherlands, the first step in the WTO's dispute settlement process. The first meeting of the parties to the dispute should take place later this month, a source close to the matter said.

Brazil and India's complaint centres on a series of detentions of generic drugs that took place in 2008 and 2009. In each case, a batch of medicines en route from one developing country to another was temporarily held by border officials at European harbours or airports.

The first such case concerned a shipment of a generic version of the hypertension drug Losartan potassium that was confiscated in the Netherlands in December 2008. The Dutch authorities held the shipment, which was bound for Brazil, for 36 days before it was returned to India, where the drugs had been manufactured. The medicine is protected by patent in Europe, but not in Brazil or India.

"The seizure of goods due to alleged patent infringements in the country of transit is a clear violation of the WTO disciplines on the freedom of transit, which is one of the cornerstones of the multilateral trading system," said a statement released by the Brazilian Mission on Wednesday.

The statement noted that Brazil has urged the EU to change its border regulations to prevent such detentions in the future.

"Despite all these efforts, the Regulation 1383/2003 that provides the legal basis for the seizures remains unchanged, causing lack of predictability and increased costs of medicines at the destination markets," the Brazilian statement said.

The EU is open to revising its border regulations, the European Trade Commission insisted on Wednesday.

The European Commission "has already signalled its intentions to modify its legislation to the extent necessary to clarify the procedures relating to medicines in transit," said John Clancy, spokesman for the EU Trade Commission. "We are confident that a dispute on this issue will not be necessary," he added.

US Senators Unveil Climate Bill with 'Carbon Tariff' Provision

United States Senators John Kerry and Joe Lieberman introduced new draft climate legislation on Wednesday, ten months after the House of Representatives passed its own bill to cut US emissions of greenhouse gases.

Senators Kerry, a Democrat, and Lieberman, an Independent, are the chief sponsors of the nearly 1,000-page piece of legislation, which aims to bolster the US contribution to addressing climate change while spurring economic growth and creating jobs at home. The bill is in line with the United States' official international position to cut its emissions of carbon dioxide to 17 percent of 2005 levels by 2020.

Senator Lindsey Graham, a Republican and an initial sponsor of the bill, had worked closely with Kerry and Lieberman to craft legislation that would appeal across party lines. But Graham split with the other two senators last month after Congressional Democrats announced that immigration reform would take priority over new climate legislation. His withdrawal delayed the bill's release, which was scheduled for 26 April.

Critical for trade observers, the Kerry-Lieberman bill includes language that would allow "border measures" - also known as carbon tariffs - on imports from countries that have not enacted strict regulations on emissions of greenhouse gases.

The US House of Representatives passed its own draft climate legislation last summer. That bill also included a measure that would impose a form of "carbon adjustment" at the border, although the provision would not take effect until 2014.

Samsung to Boost Capital Spending to 18 Trillion Won

Samsung Electronics Co., the world's largest maker of memory chips and liquid-crystal displays, plans a record 18 trillion won (\$15.6 billion) in capital spending this year to extend its lead over smaller rivals.

Of the total, spending on the semiconductor business will be about 11 trillion won, while capital expenditure on LCDs will be 5 trillion won, the Suwon, South Korea-based company said in a statement on May 17. Samsung said last month it would "substantially" increase spending in 2010 after first-quarter net income jumped almost sevenfold to a record.

The plan for increased chip investment will probably help Samsung build on its market lead as it outspends competitors in more advanced manufacturing technology, according to analysts at NH Investment & Securities Co. and Meritz Securities Co. Micron Technology Inc. and Hynix Semiconductor Inc. said they plan to maintain their investment budgets for the current fiscal year after reporting quarterly results for the latest period.

Spending on research and development this year will be about 8 trillion won this year, Samsung said.

Samsung, which had about 20 trillion won in cash, cash equivalents and short-term investments at the end of March, is able to spend "aggressively" compared with rivals because they are still recovering from losses during the industry's three-year slump amid the global recession, according to Lee Sun Tae, a Seoul-based analyst at Meritz.

China Starts Sunset Review on US and EU Chloroprene Rubber

The Ministry of Commerce (MOFCOM) released on May 9, Announcement No. 25 of 2010 and decided May 10 to start the sunset review on anti-dumping measures imposed on chloroprene rubber imports from Japan, the United States and the European Union.

According to *Anti-dumping Regulations of the P. R. C.*, during the sunset review, the antidumping duty rates on chloroprene rubber imports as prescribed at the Announcement No.23 of 2005 are still in effects.

The products under this review are those investigated in the preliminary investigation. And this review will be concluded before May 10 of 2011.

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
18-May-10	45.6975	45.7200	45.5375	45.6075	45.6075	394653	4050746	1847515.55	45.5500
17-May-10	45.4000	45.7975	45.4000	45.6550	45.6550	441670	3834101	1752371.16	45.7200
14-May-10	45.1750	45.2950	45.0775	45.2150	45.2150	414379	3742296	1690488.54	45.1000
13-May-10	45.0400	45.2075	44.9825	45.1400	45.1400	387040	3538872	1595508.45	44.9900
12-May-10	45.3250	45.4250	45.1275	45.2225	45.2225	450171	4176882	1890647.31	45.3300

[Source: NSE and RBI Website]

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Second Hand Computers Imports by Educational Institutions Withdrawn

Complete Ban on Import of Second Hand Computers in Place Now

Para 2.33.1 of HoP Deleted

Subject: Deletion of para 2.33.1 of HBP Vol.1, 2009-2014

62-PN(RE) In exercise of powers
13.05.2010 conferred under paragraph 2.4
(DGFT) of the Foreign Trade Policy,
2009-2014, the Director

General of Foreign Trade hereby makes the following amendment in the Handbook of Procedures (Vol.1) 2009-2014:-

"Paragraph 2.33.1 hereby stands deleted".

[The deleted para was "Notwithstanding provisions of Para 2.33 above, second hand computers, laptops and computer peripherals including printer, plotter, scanner, monitor, keyboard and storage units can be imported freely as donations by following category of donees:

(i) Schools run by Central or State Government or a local body,

(ii) Educational Institution run on non-commercial basis by any organization,

(iii) Registered Charitable Hospital,

(iv) Public Library,

(v) Public funded Research and Development Establishment,

(vi) Community Information Centre run by Central or State Government or local bodies,

(vii) Adult Education Centre run by Central or State Government or a local body,

(viii) Organization of Central or State Government or a Union Territory.

Imports under this sub Para would be subject to the condition that goods shall not be used for any commercial purpose, is non transferable and complies with all terms and conditions of relevant Customs Rules and Regulations.]

2. This issues in public interest.

BRCs Submission Period by Status Holders Relaxed to 12 Months from 6 Months

The following Public Notice was issued by the Commissioner of Customs (Export) Jawaharlal Nehru Customs House on 1st May 2010.

Sub: Submission of BRCs by Star and Status holder exporters and relaxation of time schedules for Status holders in terms of RBI Master Circular No. 09/2007-08 dated 02.07.2007.

52-PN It is for the information of all
11.05.2010 Star/Status holder exporters,
Custom House Agents & the
Trade that in terms of RBI Master Circular No. 09/2007-08 dated 02.07.07, the period of realization should be as applicable i.e. 180 days for non status holder exporters and 12 months for status holder exporters.

2. All Star/Status holder exporters may avail benefit of 12 months period for submission of Bank Realization Certificate (BRC) on submission of proof of their Star/Status holder to this Custom House.

3. As per Board's Circular No. 05/09 and Public Notice No.11/2009 dated 09.03.09, export-

ers are required to submit a certificate from the authorized dealer(s) or chartered accountant on a 6 monthly basis, before 7th day of January and 7th day of July in respect of exports which have become due for realization in the previous 6 months. Now, all Star/Status holder exporter can avail 12 month period for submission of BRCs provided proof of their Star/Status holder is submitted to this Custom House.

4. Any difficulty faced in this regard may be brought to the notice of the Addl./Asstt. Commissioner of Customs, Drawback Section, JNCH.

F.No. S/12- GEN-1450/07 DbkJNCH

Refund of 4% Special Additional Duty Procedure

Revised Calculation Work Sheet Notified Mandatory from 1 June 2010

The following Facility Notice was issued by the Commissioner of Customs (Import) Jawaharlal Nehru Customs House on 12th May 2010.

Subject: Streamlining the procedure for refund of 4% Additional Duty of Customs in pursuance of Notification No. 102/2007-Customs dated 14.9.2007.

53-FN Attention of all importers,
12.05.2010 members of trade, their agents
and all concerned is invited to
Customs Notification No. 102/2007-Cus. dated 14/09/2007, exempting Addl. Duty of Customs (SAD) leviable under Section 3(5) of the Customs Tariff Act on goods imported for subse-

quent sale, Board's Circular Nos.06/2008 & 16/2008-Customs, clarifying various related issues and this Custom House Public Notice Nos. 43/2008 & 04/2009 prescribing documents and the procedure for refund of the same.

2. It has been brought to notice that although the CBEC Circular No. 16/2008-Cus. Dated 13/

10/2008 prescribes acceptance of copies of ST/VAT challans along with the certificate of the statutory auditor / Chartered Accountant, this Custom House requires submission of VAT/ ST Challans, duly certified by the statutory auditor/ Chartered Accountant of the importer, in terms of Public Notice No. 04/2009 dated 02/02/2009. It has been pointed out that in many cases the Chartered Accountants are not willing to certify the VAT/ ST Challans and they charge a fees for certifying every VAT/ ST Challans. Therefore, it is expensive, cumbersome and time consuming procedure, especially in cases where interstate/ multiple state sales are involved and there are thousands of VAT/ ST/ CST Challans, which are to be certified by the Chartered Accountant.

3. The issue has been examined and it is noticed that CBEC circulars on the subject do not prescribe submission of copy of ST/VAT Challan certified by the Chartered Accountant for sanction of refund. It is further seen that the statutory auditor / Chartered Accountant is also issuing a certificate in proforma at Annexure II to the Public Notice No. 04/2009 which gives details of each VAT/ ST Challans and / or evidence for adjustment of input tax credit as effective discharge of ST/VAT payment on imported goods. As each ST/VAT Challan number and date and the amount paid under each challan is specified in the certificate, further certification of each copy of ST/VAT Challans does not serve any useful purpose.

4. In view of above, it has been decided that henceforth, copies of ST/VAT Challans along with a certificate of the statutory auditor/ Chartered Accountant, as per the proforma annexed to this Facility Notice, shall be accepted for the purpose of sanction of refund of SAD. This will be subject to requiring the original ST/VAT payment challans or other similar documents, in doubtful cases, which shall be returned to the importer after verification, as per the instructions of the Board in Circular No.16/2008-Customs.

5. Apart from this it has been noticed that presently the claimants are required to submit four different certificates from statutory auditor/ Chartered Accountant in Annexures 'D', 'II', 'III' and 'IV'. This not only is expensive, cumbersome and time consuming but also creates lot of duplication and confusion as a result of which many a times the importers get certified their other documents from the Chartered Accountant which in fact are not so required. Therefore, in order to avoid duplication and make it simple, it has been decided to merge the various certificates from statutory auditor/ Chartered Accountant in Annexures 'D', 'II', 'III' and 'IV' into a single certificate in format Annexure 'S', enclosed to this Facility Notice.

6. It is further noticed that the calculation work sheet for refund as per Annexure-A to Public Notice No. 43/2008 dated 06/06/2008 emphasizes on unnecessary details without referring to import and sale quantity, which are essential for calculation of correct refund amount. Therefore, it has been decided to modify the format for calculation work sheet for refund as per revised

Annexure-A, enclosed to this Facility Notice.

7. Public Notice Nos. 43/2008 dated 06/06/2008 and 04/2009 dated 02.02.2009 stand modified to the extent mentioned above. The instructions for acceptance of copies of ST/VAT Challans along with a certificate of the statutory auditor/ Chartered Accountant shall come into force from immediate effect and shall also apply to all pending claims. The revised Annexure-'A' and Annexure-'S' shall be mandatory from 1st June 2010 but these may be voluntarily adopted with immediate effect.

8. All Trade and the industrial association are requested to bring the contents of this Public Notice to the knowledge of their members.

F.No.S/26-Misc-04/2010-11 CRC IV JNCH

Revised Annexure-A Calculation Work Sheet for SAD Refund

Bill of Entry No.:

Date:

Quantity Imported (Kg./MT/
Pcs/ Bags/CTNs/ Nos./ltrs/CBM):

Quantity Sold (Kg./MT/Pcs/ Bags/
CTNs/ Nos./ltrs/CBM):

SAD paid (Rs.):

SAD claimed (Rs.):

Place:

Date: For M/s. _____

Signature of the Applicant.

Annexure - S

Consolidated Certificate from the statutory auditor / Chartered Accountant towards unjust enrichment, payment of appropriate ST/VAT, correlating payment of ST/VAT with the sale invoices and sale through consignment agent/stockist for the purpose of refund of the Special Additional Duty in pursuance to Notification No. 102/2007-Customs dated 14/09/2007.

With regard to the imports under Bill of Entry No. _____ dated _____ and TR6 Challan No. _____ dated _____, wherein the Special Additional Duty has been paid and the refund under Notification No. 102/2007 dated 14/09/2007, is sought by M/s. _____.

2. If certified that we are the statutory auditor/ Chartered Accountants, who certifies financial records under the Companies Act, 1956/ any ST/VAT Act of the State Government/ the Income Tax Act, 1961 or any other statute, of M/s. _____.

3. For purpose of fulfillment of the condition in Para 2 (d) of the Notification No. 102/2007 dated 14-09-2007 and for considering sanction of refund of 4% SAD, we hereby certify that we have verified the original invoices of sale, along with supporting documents towards proof of payment of appropriate ST/VAT from the original VAT/ ST Challans and / or evidence for adjustment of input tax credit, as effective discharge of ST/VAT payment on imported goods

4. The VAT/ ST has been paid as below:-

S.No.:

Amount of VAT payable:

Amount of VAT paid by Cash Challans:

Amount of VAT paid by adjustment of input tax credits:

Details of S. No. and Date of the entries verified from the records of the VAT Tax payer:

Date:

S.No.:

5. The refund being claimed herein is being shown in the Books of Account / Balance Sheet

as "Amount due as refund of Additional duty of Customs" and same amount has not been passed on to the buyers of the sale of goods. After examination / audit the records, it is verified from records that the details as given in the enclosed Summary of Sale invoices are true details thereof. As required for examination of the principle of unjust enrichment in the case before sanction of refund under Notifn. No. 102/2007 dated 14/09/2007, this is certified that the burden of 4% CVD / SAD has not been passed on by the importer to the buyer and that they fulfill the requirement of unjust enrichment.

6. In case of sale through consignment agent/ stockist we certify that-

(i) consignment agent/stockist M/s _____ has been authorised to sell the imported goods in terms of the agreement entered into between the importer M/s _____ and consignment agent/stockist M/s _____;

(ii) that each of the sale invoices issued by the consignment agent/stockist indicates that the sale is made by him on behalf of the importer in the capacity of consignment agent/stockist.

(iii) that appropriate ST/VAT has been paid by consignment agent/stockist M/s _____ on behalf of importer M/s _____ and that the importer, M/s _____ in turn, has paid or reimbursed the ST/VAT to his consignment agent/stockist M/s _____ along with the correlation of ST/VAT payment with 4% CVD paid on imported goods.

Place:

Date:

Chartered Accountant

last Port Officers Meeting held on 16.11.2009, and suitable amendments in line with the above in ANF5B and Appx 26A for redemption of EPCG Authorisations are under examination in DGFT-Hqrs.

2. In the meanwhile, this office was asking for submission of a statement of shipping bills counted towards fulfillment of average EO at the time of redemption. However, some applicants have expressed their reservation in submitting this list, as the same may contain details of very large number of shipping bills.

3. Accordingly, as a measure of trade facilitation, henceforth, EPCG Authorization holders, while applying for redemption should give following declarations duly counter signed by an independent Chartered Accountant:

a) It is to certify that all shipping bills which have been counted towards fulfillment of specific / additional EO against EPCG authorization No.....dt....., have not been considered towards fulfillment of average EO against the same Authorization and any other EPCG Authorization.

b) It is also to certify that all shipping bills which have been counted towards fulfillment of average EO in EPCG Authorization Number.....dt..... have not and will not be counted towards fulfillment of specific / additional EO of this EPCG Authorization and any other EPCG Authorization.

Authorization holders and Chartered Accountant would be fully accountable for these declarations and in case, these are found to be false / misleading, strict penal action under the provisions of FTDR Act, 1992 would be taken.

Levy of Education Cess on SS Patta Patti or Aluminium Circles

Subject:- Levibility of Education Cess and Higher Education Cess on the Stainless Steel Patta Patti or Aluminium Circles units working under compound levy scheme.

921-CBEC References have been
10.05.2010 received from field formations
(DoR) on the issue of levy of
Education Cess and higher

Education Cess on the Central Excise duty determined under Notification No. 17/2007-CE dated 1-3-2007 under compound levy scheme on S.S. Patta/Patti and Aluminium Circles. It has been reported that the manufacturers of these items have stopped paying Education Cess and higher Education Cess on the ground that the amount determined under the compound levy scheme is inclusive of Education Cess and higher Education Cess as is mentioned in the compound levy scheme in respect of Pan Masala & Gutkha.

2. The matter has been examined. It is clarified that education cess and higher education cess would be required to be paid on S.S. Patta Patti and aluminium Circles, covered by the compound levy over and above the notified Central Excise duty as the same has not specifically been included in the compound levy amount specified in the relevant notification. Moreover, there is no exemption provided for the same.

Redemption of EPCG – CA Certification on Shipping Bills Adequate, Verification not Necessary

The following Trade Notice was issued by the Zonal Jt. DGFT, New Delhi on 11 May 2010.

01-TN Attention of the trade and
11.05.2010 industry is invited to the FTP
provisions which stipulate that
for redemption of EPCG Authorizations, the
shipments counted towards fulfillment of specific / additional export obligation (EO) cannot

be counted towards fulfillment of average EO imposed on that particular Authorization. Similarly, exports made for fulfillment of specific EO of a particular Authorization cannot be counted towards fulfillment of average EO of another Authorization. This issue was discussed in the

The comparison with compound levy scheme in respect of PanMasala/Gutkha etc. is erroneous as the two schemes are covered under different notifications. Whereas the notification No. 42/2008-CE dated 1.7.2008 in respect of Pan Masala/Gutkha specifically includes the Education Cess and Higher Education Cess in the

amount fixed under compound levy scheme, there is no such stipulation in the scheme in respect of Stainless Steel Patta Patti and Aluminium Circles in the Notification No. 17/2007-CE dated 1-3-2007.

3. Trade and Industry may be informed.
F. No. 167/25/2010-CX.4

Change of Puducherry DGFT Office Address

Subject: New Office address of Regional Authority Puducherry.

61-PN(RE) In exercise of powers conferred under paragraph 2.4 of the Foreign Trade
13.05.2010 Policy 2009-2014, the Director General of Foreign Trade hereby makes the
(DGFT) following amendment in the List of Regional Authorities and their Jurisdiction given under Appendix 1 of Handbook of Procedure (Vol. I) 2009-2014:

SNo.	Name & address	Telephone No./ Fax No./ E-mail	Territorial Jurisdiction
32.	The Joint Director General of Foreign Trade, No. 19-C, II Cross Street, Jawahar Nagar, Boomianpet, Puducherry - 605005	Tel: 0413 – 2203238 Fax: 0413 – 2206994 Email: jdgtf.pon@nic.in	Union Territory of Puducherry, Karaikal, Mahe, Yanam and Districts of Ramasamy Padayatchiar (Villupuram) and South Arcot (Cuddalore) of Tamilnadu

This issues in public interest.

9 More ICES Starts Online Transmission of DES, EPCG and DEPB from 17 May 2010

Subject: Online transmission of DES (Advance Authorization), EPCG and DEPB authorizations at 9 ICES 1.5 new location w.e.f. 17.5.2010.

32-Pol.Cir In view of Customs readiness
14.05.2010 to accept online transmission
(DGFT) of DES (Advance Authorization), EPCG and DEPB authorizations at the following 9 ICES 1.5 new locations, all RA's of DGFT may note that for all the newly added ports, aforesaid authori-

zations issued w.e.f. 17.5.2010, will be communicated online to Customs for necessary processing at their end. It may also further be noted that for all DEPB Shipping Bills issued w.e.f. 17.5.2010 from these ports, application will have to be filed mandatory in EDI mode:

SNo.	Name of new location	UNLO CODE	Commissionerate
1	ICD Moradabad	INMBD6	Meerat II
2	ICD Rewari	INREA6	Gurgaon
3	ICD Ghari Harsaru	INGHR6	Gurgaon
4	ICD Patli	INPTL6	Gurgaon
5	ICD Chinchwad, Pune	INCC6	Pune, Customs (Prev)
6	ICD Talegaon, Pune	INTLG6	Pune, Customs (Prev)
7	ICD Dighi, Pimpri	INDIG6	Pune, Customs (Prev)
8	ICD Thar Dry Port, Jodhpur	INTHA6	Jaipur Customs
9	ICD Jaipur	INJA16	Jaipur customs

This issues with the approval of the DGFT.

No Service Tax on Container Detention Charges

Subject: Service tax on Container Detention Charges

121-ST Generally marine containers
26.04.2010 are temporarily brought into a
(DoR) customs territory and have to be re-exported within a specified period. Normally, a Full Container Load is taken out of the port and the activity of stuffing or de-stuffing takes place at the premises of the exporter/importer. The shipping companies / steamer agent provide a pre-determined period within which the container (that has gone out of the port) is to be returned. This is called as 'pre-holding period' and the duration of the same is mentioned in the contract. In case there is any delay on the part of the customer in returning the container, the charges known as 'detention charges' are collected over and above

the contracted amount by the shipping line.

3. Representations have been received in the Board that service tax has been demanded on such 'detention charges' under the 'Business Support Service (BSS)' or 'Business Auxiliary Service (BAS)'.

4. The issue has been examined. To retain the container beyond the pre-holding period is neither a service provided on behalf of the client (Business Auxiliary Service) nor is it an infrastructural support in the business of either the shipping lines or the customer (Business Support Service). Such charges can at best be called as 'penal rent' for retaining the containers beyond the pre-determined period. Therefore,

Wheat Quota of 4 Lac MTs to Bangladesh for FCI

Subject: Prohibition on export of wheat – exemption for export of wheat to Bangladesh

40-Ntfn(RE) In exercise of the powers
12.05.2010 conferred by Section 5 read
(DGFT) with Section 3(2) of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) and also read with Para 1.3 and Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government hereby makes the following addition with immediate effect at the end of Paragraph 2 of Notification No. 33(RE-2007)/2004-2009, dated 08.10.2007, as amended from time to time (pertaining to prohibition on export of wheat and wheat products):

"2.10 The prohibition imposed by this notification on export of wheat shall not be applicable to export of 4,00,000 MT of wheat to Bangladesh through Food Corporation of India."

2. The above mentioned quantity shall be exported by Food Corporation of India out of the Central Pool stock. Wheat shall be exported at economic cost.

3. This issues in Public Interest.

the amount collected as 'detention charges' is not chargeable to service tax.

5. The Board desires that pending cases, if any, on this issue may be decided in line with the above clarification.

F.No.332/29/2009-TRU

Service Tax on Re-Insurance Commission

120(a)-ST In terms of Section 101A (Part
16.04.2010 IV-A) of the Insurance Act,
(DoR) 1938, every insurer dealing in insurance business is required to re-insure a specified percentage of sum assured with another insurance company.

2. The insurance company pays premium to the reinsuring company for this service. However, a part of such premium is deducted and kept by the insurance company for meeting the administrative expenditure. In other words, the insurance company and the re-insurance company jointly bear the expenses for running the insurance/reinsurance business. This shared expense is commonly known as 'commission' though strictly it is not in the nature of a commission. It may be pertinent to mention that the customer/beneficiary deals only with the insurance company and may not even be aware of the role of re-insurer and the backroom operations between the insurance company and the reinsurer.

3. As per the provision of the Finance Act, 1994, insurance as well as reinsurance are subject to service tax. The Board has received representations that notices have been issued demanding service tax on the amounts de-

ducted by the insurance company (in other words paid by the reinsurance company) on the ground that it is the consideration for the insurance company providing business auxiliary service (BAS) to the re-insuring company. The notices alleged that the insurance companies are promoting the business of re-insurers thereby providing them the BAS.

4. The issue has been examined. As explained in para 2 above, the arrangement between the insurance company and the reinsurer is only sharing of expenses and there is no service provided by the insurance company to the reinsurer for a consideration. Since the policy holder may not even be aware of the operations

of the re-insurer, it cannot be said that the payment made by the re-insurer to the insurance company is for its business promotion or a service on behalf of the re-insuring company (i.e. Business Auxiliary Service). In fact, it is the reinsurer which provides insurance service to the insurance company. As both the insurance company and reinsurer pay service tax on the entire amount of premium charged by them, the question of charging service tax under any other taxable service does not arise.

5. The Board desires that all pending cases on this subject may be decided keeping in view the above clarification.

F.No.332/29/2009-TRU

DEPB Value Cap of \$2.85 per kg to Apply on All Processed Fish (Heading 0305) and not Just "Dried Fish"

63-PN(RE) In exercise of powers
13.05.2010 conferred under paragraph 2.4
(DGFT) of Foreign Trade Policy, 2009-

14, Director General of Foreign

Trade hereby makes the following amendments in the Handbook of Procedures (Vol. I):

1. In Appendix 37A, the following Note is added against the VKGUY entry No. 6 of Table 1A, and

entry No. 18 of Table 2.

"For the purpose of claiming VKGUY benefit, the admissible FOB value for export products covered by ITC HS Code '0305' (falling under this VKGUY entry) shall be the same as admissible in terms of the Public Notice No. 56/2009-14 dated 20.04.2010"

This issues in Public interest.

Technology Transfer Remittances Allowed without Limit by RBI w.e.f 16.12.2009

No Central Government Permission Required Remittance under Automatic Approval

Sub: Foreign Exchange Management Act (FEMA), 1999 - Current Account Transactions - Liberalisation

AP(DIR Srs) Attention of Authorised Dealer
Cir.52 Category-I (AD Category-I)
13.05.2010 banks is invited to Foreign
(RBI) Exchange Management
(Current Account
Transactions) Rules, 2000 notified vide Notifi-
cation No.G.S.R.381(E) dated 3rd May 2000,
as amended from time to time.

2. In terms of Rule 4 of the Foreign Exchange Management (Current Account Transactions) Rules 2000, prior approval of the Ministry of Commerce and Industry, Government of India, is required for drawing foreign exchange for remittances under technical collaboration agreements where payment of royalty exceeds 5% on local sales and 8% on exports and lump-sum payment exceeds USD 2 million [item 8 of Schedule II to the Foreign Exchange Management (Current Account Transactions) Rules, 2000]. The Government of India has reviewed the extant policy with regard to liberalization of foreign technology agreement and it was decided to omit item number 8 of Schedule II to the Foreign Exchange Management (Current Ac-

count Transaction) Rules, 2000, and the entry relating thereto.

3. Accordingly, AD Category-I banks may permit drawal of foreign exchange by persons for payment of royalty and lump-sum payment under technical collaboration agreements without the approval of Ministry of Commerce and Industry, Government of India.

4. The amendment to the Foreign Exchange Management (Current Account Transactions) Rules, 2000, in this regard has been notified by the Government of India vide Notification No.G.S.R.382 (E) dated May 5, 2010 (copy enclosed).

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

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

Ministry of Finance
(Department of Economic Affairs)

Notification
New Delhi, the 5th May 2010

Sub: Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2010
In exercise of the powers conferred by Section 5 and sub-section (1) and clause (a) of sub-section (2) of Section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999)

and in consultation with the Reserve Bank, the Central Government, having considered it necessary in the public interest, hereby makes the following further amendment in the Foreign

Exchange Management (Current Account Transactions) Rules, 2000, namely:-

1. (1) These rules may be called the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2010.

(2) They shall be deemed to have come into force with effect from the 16th day of December, 2009.

2. In the Foreign Exchange Management (Current Account Transactions) Rules, 2000, in Schedule II, item number 8 and the entry relating thereto shall be omitted.

[F.No. 1/1/EC/2004]

Explanatory Memorandum:- The Government of India reviewed the extant policy with regard to liberalization of foreign technology agreement and it was decided to permit, with immediate effect, payments for royalty, lump sum fee for transfer of technology and payments for use of trademark/brand name on the automatic route. Accordingly, Government of India issued a Press Note on 16.12.2009. Hence, the rule shall be deemed to have come into force with retrospective effect, i.e., from 16.12.2009.

1. It is certified that no person will be adversely affected by giving retrospective effect to these rules.

Government of India

Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No.8 (2009 Series)

Subject: Liberalization of Foreign Technology Agreement policy

The existing policy of Government of India on the payment of royalties under Foreign Technology Collaboration provides for automatic approval for foreign technology transfers involving payment of lumpsum fee of US\$ 2 million and payment of royalty of 5% on domestic sales and 8% on exports. In addition, where there is no technology transfer involved, royalty up to 2% for exports and 1% for domestic sales is allowed under automatic route on use of trademarks and brand names of the foreign collaborator. Separate norms are available for the hotel sector vide Press Note 18 (1991 Series) and Press Note 1 (1995 Series). Technology transfers involving payments above these limits required prior permission of the Government of India (Project Approval Board, Department of Industrial Policy and Promotion).

2. The Government of India has reviewed the extant policy and it has been decided to permit, with immediate effect, payments for royalty, lumpsum fee for transfer of technology and payments for use of trademark/brand name on the automatic route i.e. without any approval of the Government of India. All such payments will be subject to Foreign Exchange Management (Current Account Transactions) Rules, 2000 as amended from time to time.

3. A suitable post-reporting system for technology transfer/ collaborations and use of trademark/ brand name will be notified by the Government separately.

4. These guidelines issue in modification of provisions relating to foreign technology proposals/approvals contained in paragraph 3 of Press Note 10 (1991), para 7 of Press Note 11 (1991), para 4 & 5 (a) of Press Note 12 (1991), para 2-6 of Press Note 20 (1991), para 2 of Press Note 5 (1992), para 4 of Press Note 4 (1994), para 3 of Press Note 18 (1997) and paragraphs III and IV of Press Note 9 (2000). These guidelines will issue in supersession of provisions of Press Note 18 (1991), Press Note 4 (1992), Press Note 1 (1995), Press Note 4 (1996), Press Note 1 (2002) and Press Note 2 (2003).

Foreign Exchange Management (Current Account Transactions) Rules, 2000

Deleted Entry

8. Remittances under technical collaboration agreements where payment of royalty exceeds 5 percent on local sales and 8 percent on exports and lump-sum payment US \$2 million Ministry of Industry and Commerce

Tariff Value on Brass Scrap Up by US\$ 59/MT

37-Cus(NT) 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 3rd 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)	3979
9	1207 91 00	Poppy seeds	3412"

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

Customs Valuation Exchange Rates

May 2010	Imports	Exports	
Schedule I			
1 Australian Dollar	41.80	40.60	
2 Canadian Dollar	45.05	43.80	
3 Danish Kroner	8.15	7.85	
4 EURO	60.30	58.65	
5 Hong Kong Dollar	5.80	5.65	
6 Norwegian Kroner	7.70	7.45	
7 Pound Sterling	69.65	67.80	
8 Swedish Kroner	6.30	6.10	
9 Swiss Franc	42.10	40.85	
10 Singapore Dollar	32.95	32.05	
11 U.S. Dollar	44.90	44.00	
Schedule II			
1 Japanese Yen	48.05	46.70	

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

Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

(Source: Customs Notification 32(NT)/28.04.2010)

Commodity Spot Prices in India – 15-18 May 2010

These commodity prices are taken from Multi Commodity Exchange of India (Mumbai) at 6 pm every day. The weekly prices of commodities from different cities of India will be given in the order of Harmonized System classification.

Commodity Spot Prices covers price movements of 55 commodities (agricultural products and metals) provided on Multi Commodity Exchange of India on a daily basis. This Commodity Spot Prices Table focuses on price movements from 15-18 May.

Commodity	Unit	Market	15-May	17-May	18-May
CER (Carbon Trading)	1 MT	Mumbai	753	753	723.5
Chana	100 KGS	Delhi	2135	2143	2160
Masur	100 KGS	Indore	3548	3525	3557
Potato	100 KGS	Agra	473.5	467.2	466.4
Potato TKR	100 KGS	Tarkeshwar	NA	NA	NA
Arecanut	100 KGS	Mangalore	7514	7618	7683
Cashewkern	1 KGS	Quilon	304	304	305
Cardamom	1 KGS	Vandanmedu	1378.6	1390	1410.4
Coffee ROB	100 KGS	Kushalnagar	59.9	60.2	60.5
Jeera	100 KGS	Unjha	12587	12578	12492
Pepper	100 KGS	Kochi	16580	16290	16220
Red Chili	100 KGS	Guntur	4759	4759	4759
Turmeric	100 KGS	Nzmbad	14944	14800	14656
Guar Gum	100 KGS	Jodhpur	5075	5075	5125
Maize	100 KGS	Nzmbad	883.5	883.5	884.5
Wheat	100 KGS	Delhi	1180.8	1190	1200
Mentha Oil	1 KGS	Chandausi	769.1	773.9	769.4
Cotton Seed	100 KGS	Akola	1123	1110	1121
Castorsd RJK	100 KGS	Rajkot	3124.5	3119.5	3111.5
Guar Seed	100 KGS	Jodhpur	2298	2295	2300
Soya Bean	100 KGS	Indore	1950	1942.5	1940
Mustrdsd JPR	20 KGS	Jaipur	494.2	492.8	493.35
Sesame Seed	100 KGS	Rajkot	5088	5094	5150
Coconut Oil Cake	100 KGS	Kochi	1170	1170	1170
RCBR Oil Cake	1 MT	Raipur	NA	5780	5860
Kapaskhali	50 KGS	Akola	961.5	958.5	953.6
Coconut Oil	100 KGS	Kochi	5200	5200	5252
Refsoy Oil	10 KGS	Indore	445.45	444.2	444.85
CPO	10 KGS	Kandla	365	365	367
Mustard Oil	10 KGS	Jaipur	462.8	456.3	456.1
Gnutoilexp	10 KGS	Rajkot	677	690	688
Castor Oil	10 KGS	Kandla	671	665	665
Crude Oil	1 BBL	Mumbai	3230	3230	3204
Furnace Oil	1000 KGS	Mumbai	30547	30264	30423
Sourcrd Oil	1 BBL	Mumbai	3657.5	3458.5	3630
Brent Crude	1 BBL	Mumbai	3468	3468	3388
Gur	40 KGS	Muzngr	1102.2	1081.4	1109.2
Sugars	100 KGS	Kolhapur	2777	NA	2725
Sugarm	100 KGS	Delhi	3099	3070	3043
Natural Gas	1 mmBtu	Hazirabad	194.5	194.5	201.1
Rubber	100 KGS	Kochi	15326	15414	15773
Cotton Long	1 Candy	Kadi	27930	27940	27910
Cotton Med	1 Maund	Abohar	2926.5	2900	2949.5
Jute	100 KGS	Kolkata	3199	3235	3262.5
Gold	10 GRMS	Ahmd	18177	18200	18010
Gold Guinea	8 GRMS	Ahmd	14542	14560	14408
Silver	1 KGS	Ahmd	29520	29368	29115
Sponge Iron	1 MT	Raipur	17775	17760	17580
Steel Flat	1000 KGS	Mumbai	35090	35170	35200
Steel Long	1 MT	Bhavnagar	26370	26520	26490
Copper	1 KGS	Mumbai	311.6	311.6	295.55
Nickel	1 KGS	Mumbai	1000.1	961.8	978.1
Aluminium	1 KGS	Mumbai	93.85	91.9	91.35
Lead	1 KGS	Mumbai	88.05	85.2	81.8
Zinc	1 KGS	Mumbai	92.5	89.95	86.2
Tin	1 KGS	Mumbai	791	808	779

(Source: MCX Spot Prices)

Monitoring of EO Against EPCG Licence

The following Facility Notice was issued by the Commissioner of Customs (Export) Jawaharlal Nehru Customs House on 6th May 2010.

Subject: Amendment To Facility Notice No. 79/2009 Dt 01.10.2009 – reg. procedure to be followed in case of EPCG Scheme.

51-FN Facility Notice No. 79/2009
06.05.2010 issued vide F. No. S/26-Misc-86/08 EPCG JCH dated

01.10.2010 is being amended to align with the new guidelines regarding monitoring of export obligation against EPCG Licences issued by CBEC vide Circular No. 05/2010-Cus. dt 16.03.2010 as follows :

In Para 2, at the end of sub para 2.2, the following new sub para should be added:

“A random verification for some of the authorization issued under EPCG scheme and registered with this port shall be carried out to check the correctness of the address shown on the authorization, preferably through Central Excise division”.

Para 3:- Post Import Compliance: In para 3.1,

the following line should be added at the end of para 3.1:-

“Further, the correctness of the installation certificate, which are issued by the Chartered Engineer shall be verified on random basis through the jurisdictional Central Excise divisions”.

At the end of Para 3.3, the following sub para should be added:

“In case the export obligation of first block is verified and found satisfactory, the Export Obligation Discharge Certificate issued by DGFT after the end of 2nd block may be accepted without further verification unless there is specific intelligence suggesting need for detailed verification”.

F. No. S/26-Misc- 86/08 VIIG JNCH

Japan Machine Orders Rise for First Time in 3 Months

Japanese machinery orders rose for the first time in three months in March, signaling companies are preparing to spend again as they become more confident about the nation's economic recovery.

Orders, an indicator of business investment in three to six months, climbed 5.4 percent in March from February when they declined a revised 3.8 percent, the Cabinet Office said on 16 May in Tokyo.

Renewed overseas demand is bolstering earnings of Japanese exporters from Nissan Motor Co. to Toshiba Corp., prompting them to invest in plant and equipment. The spending will spur the nation's budding domestic recovery, which has gained traction as export growth feeds into the labor market and wages.

The yen traded at 92.33 per dollar from 92.23 before the reports were published.

Faster Growth

Japan's economy probably expanded at an annual pace of 5.5 percent in the three months ended on March 31, accelerating from the previous quarter's 3.8 percent, according to the median estimate of 21 economists surveyed ahead of figures to be released on May 20.

Manufacturing from China to the U.S. accelerated in April, signaling the global economic recovery may continue to help Japanese exporters even as Europe's sovereign debt woes persist.

Nissan, Japan's third-largest automaker, forecast profit will more than triple this fiscal year as auto demand recovers in North America and sales grow in China. Capital spending as a percentage of sales will rise to 4.4 percent this fiscal year from 3.6 percent last year, the company said on May 12.

Toshiba's Spending

Toshiba, Japan's biggest memory-chip maker, plans to quadruple profit in three years, as it raises spending and looks to faster-growing emerging markets and environment-friendly businesses to boost sales. Toshiba will spend 1.3 trillion yen (\$14 billion) on plant and equipment over the three years to March 2013, it said last week.

Other data for March signaled Japan's recovery from its worst postwar recession remains intact. The coincident index, Japan's broadest indicator of economic health, climbed to the highest level since 2008, production rebounded and exports grew for a fourth month. The Bank of Japan last month raised its growth forecast for the year ending March 31 to 1.8 percent.

Still, capital spending may recover only at a moderate pace because policy tightening in some emerging nations and the debt crisis in Europe pose risks to the global economy, according to **Naoki Tsuchiyama**, market economist at Mizuho Securities Co. in Tokyo.

WORLD TRADE SCANNER

Euro Falls to Lowest Since April 2006 on European Debt Crisis	109
BRIC Holds the Key to Doha, Says US	109
Brazil, India Challenge Generic Drug Detentions	110
US Senators Unveil Climate Bill with 'Carbon Tariff' Provision	110
Samsung to Boost Capital Spending to 18 Trillion Won	110
China Starts Sunset Review on US and EU Chloroprene Rubber	110
Japan Machine Orders Rise for First Time in 3 Months	116

BIG's WEEKLY INDEX OF CHANGES**Foreign Trade Policy**

32-Pol.Cir/14.05.2010	9 More ICDs Starts Online Transmission of DES, EPCG and DEPB from 17 May 2010	113
40-Ntfn(RE)/12.05.10	Wheat Quota of 4 Lac MTs to Bangladesh for FCI	113
61-PN(RE)/13.05.2010	Change of Puducherry DGFT Office Address	113
62-PN(RE)/13.05.2010	Second Hand Computers Imports by Educational Institutions Withdrawn	111
63-PN(RE)/13.05.2010	DEPB Value Cap of \$2.85 per kg to Apply on All Processed Fish (Heading 0305) and not Just "Dried Fish"	114

Customs

37-Cus(NT)/14.05.10	Tariff Value on Brass Scrap Up by US\$ 59/MT	115
51-FN/06.05.2010	Monitoring of EO Against EPCG Licence	116
52-PN/11.05.2010	BRCs Submission Period by Status Holders Relaxed to 12 Months from 6 Months	111
53-PN/12.05.2010	Refund of 4% Special Additional Duty Procedure	111
01-TN/11.05.2010	Redemption of EPCG – CA Certification on Shipping Bills Adequate, Verification not Necessary	112

CBEC Circulars

921-CBEC/10.05.2010	Levy of Education Cess on SS Patta Patti or Aluminium Circles	112
---------------------	---	-----

Service Tax

121-ST/26.04.2010	No Service Tax on Container Detention Charges	113
120(a)-ST/16.04.2010	Service Tax on Re-Insurance Commission	113

RBI Circulars [AP(DIR Series)]

Cir.52/13.05.2010	Technology Transfer Remittances Allowed without Limit by RBI w.e.f 16.12.2009	114
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