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Dollar will be 'Growth Currency'?

The dollar will probably become a "growth currency" during the next 10 years, shedding its haven status of the past decade, as the U.S. economy outperforms Europe and Japan, according to UBS AG.

The dollar will return to a pattern seen in the early 1980s and late 1990s, when it appreciated as stocks rose, Mansoor Mohi-uddin, global head of foreign-exchange strategy at UBS in Singapore, wrote on 24 May in a research report titled "FX Mega- Trends 2010-2020: Dollar Regime Change." Central banks may intervene more frequently in currency markets as price swings, or volatility, intensify, he said in separate reports.

The greenback has risen 9.7 percent this year, amid evidence the U.S. economic recovery is gathering pace. The Federal Reserve will be the first major central bank to boost interest rates, Mohi-uddin wrote. Further dollar strength may be underpinned by U.S. money managers, foreign central banks and sovereign wealth funds, he said.

"Over the next 10 years it seems likely that the dollar will shift to having a positive relationship with investor sentiment as America's fundamentals appear more attractive than those of the euro zone, U.K. and Japan," Mohi-uddin wrote. "The likelihood that the dollar performs strongly rather than weakly when investors are risk-seeking will signify a major change in the currency markets."

The dollar strengthened to $1.2384 from $1.2570 on May 21.

Economic Outperformance

The U.S. economy will expand 3.2 percent this year. That compares with 1.2 percent growth for the U.K., 1.1 percent in the 16-nation euro region and 2.1 percent for Japan, separate surveys show. U.S. equities led gains through the end of April, "until all markets were hit by risk aversion this month," Mohi-uddin said.

Fed policy makers will raise their benchmark rate to 0.5 percent from a range of zero to 0.25 by December, while the ECB will hold its main rate at 1 percent and the Bank of Japan will stay at 0.1 percent through year-end. The Bank of England will also increase its key rate by the fourth quarter, according to another median forecast.

Change in Trend

For the past decade, the dollar, which slid 28 percent against the euro and 16 percent versus the yen, was a refuge amid low interest rates, rising when investors were risk-averse and falling when equities, credit and commodities rose, according to Mohi-uddin.

Sovereign-wealth funds, particularly those of oil-producing nations, may also start to view the dollar more favorably amid U.S. economic outperformance, according to the report.

'Highly Volatile'

"This would cause the dollar to rise, not fall, if oil prices strengthen in the next few years," he wrote.

The foreign-exchange market will become more volatile in the next decade, raising risks policy makers will increase intervention, said UBS, the world's second-biggest currency trader, according to Euromoney Institutional Investor Plc. Volatility surged in the wake of the collapse of Lehman Brothers Holdings Inc. in September 2008 before receding last year.

"In 2010 exchange rates have again become highly volatile as the European debt crisis has unfolded," Mohi-uddin said. "The combination of rising emerging markets, crisis in other regions and unpredictable shifts in economic policies will keep currency markets very volatile over the next decade."

The ECB may face "much greater" pressure to intervene, he said. The euro dropped against all 16 most-actively traded counterparts this year as the region's debt crisis deepened. The risk of policy makers taking action will increase should the euro weaken below its long-term fair value of $1.20, he said.

The last coordinated intervention by the Fed, the ECB, the Bank of Japan and central banks in the U.K. and Canada was in September 2000, when they supported the euro after the common currency fell to 86 U.S. cents.

Investors should be cautious should policy makers say the currency market isn't reflecting fundamentals or that trading has become disorderly, Mohi-uddin said.

"These circumstances are likely to prevail as Europe's debt crisis endures over the next few years," he said. "There may be several episodes of either unilateral or coordinated intervention by the ECB in 2010-2020."

Euro Volatile – Falls Again, Yen Strengthens

The euro weakened for a second day against the yen and dollar as signs of the European debt crisis is spreading revived concern the region's recovery will slow.

The single currency dropped to within one yen of its weakest in more than eight years after the International Monetary Fund urged Spain to do more to overhaul its ailing banks, adding to speculation Europe's financial institutions face more losses. The yen strengthened as a decline in Asian stocks boosted demand for Japan's currency as a refuge. The won slumped as tensions escalated between the two Koreas over the sinking of a warship from the South's navy in March.

The euro fell 1.3 percent to 110.29 yen from 24 May in New York. The common currency dropped to $1.2283 from $1.2372. The dollar was at 89.81 yen from 90.29 yen, and climbed to $1.4339 per pound from $1.4425.

The 16-nation euro touched a four-year low of $1.2144 on May 19, and the weakest since 2001 at 109.51 per yen on May 20.

Four Spain's Banks Merge

Four Spanish savings banks plan to combine to form the nation's fifth-largest financial group with more than 135 billion euros ($166 billion) in assets, as regulators push ailing lenders to merge with stronger partners.

The Bank of Spain said on May 22 it appointed a provisional administrator to run CajaSur, a savings bank crippled by property-loan defaults. The seizure is the first under a state- financed rescue plan that Standard & Poor's estimates may cost as much as 35 billion euros, increasing the burden on Spain's finances as the government tries to reduce its budget deficit.

'Widespread Disruption'

Stresses in Spain's banking system are intensifying concern that the Greek debt crisis may spread, Mohamed A. El-Erian, whose company runs the world's biggest mutual fund, said in an interview with PBS.

Europe's currency has lost 6.9 percent this year. The dollar has risen 10 percent, and the yen has advanced 15 percent.

Japan's currency rose versus all 16 major counterparts as the MSCI Asia Pacific Index shares dropped 2.8 percent.

Commodities Prices

The yen typically strengthens in times of financial turmoil as Japan's trade surplus makes the currency attractive as it means the nation does not have to rely on overseas lenders.

Australia's dollar fell for a second day as iron-ore prices dropped before steelmakers in China and South Korea, the world's largest- and sixth-biggest producing nations, meet in Beijing to discuss raw material prices. Australia is the world's biggest exporter of iron ore.

Australia's currency fell 1 percent to 81.81 U.S. cents, and lost 1.5 percent to 73.48 yen.

Korea Tensions

The won weakened amid concern conflict between on the Korean peninsula could escalate. O Kuk Ryol, vice chairman of North Korea's National Defense Commission, said the nation is ready to counter any attacks from South Korea, according to North Korea Intellectuals Solidarity, a Seoul-based group run by defectors from the communist country. Yonhap News agency reported on the group's posting earlier on 25 May.

EU Backs Stiffer Deficit Sanctions, Rules Out Default Mechanism

European Union finance ministers pledged to stiffen sanctions on high-deficit countries and ruled out setting up a mechanism to manage state defaults, saying no euro country will be allowed to renege on its debts.

After committing as much as 860 billion euros ($1.1 trillion) to halt a European sovereign debt crisis, the ministers vowed to plug holes in the euro region's system of penalties for countries with runaway deficits.

Concern that the Greece-fueled European fiscal crisis would drag Europe back into recession pushed down European stocks to a six-month low before the Euro Stoxx 50 Index rebounded to gain 0.2 percent. Rates for three-month loans in dollars between banks rose to the highest level in almost 10 months.

Deliberations over the revamp of Europe's economic management came after German Chancellor Angela Merkel won parliamentary backing for Germany's contribution of as much as 148 billion euros to the EU's planned 440 billion-euro debt- stabilization fund, the largest single share. Spain, meanwhile, enacted the first public wage cuts since returning to democracy in 1978 and cut its economic growth forecast for next year.

Both "financial and non-financial sanctions" are under consideration for repeat violators of the euro area's deficit cap of 3 percent of gross domestic product, Van Rompuy said.

Budget Fines

Under the German-inspired Stability and Growth Pact, countries with deficits above the ceiling face fines of as much as 0.5 percent of GDP unless they get the budget back into compliance. No country has been fined during the euro's 11-year lifespan. Germany and France teamed in 2005 to dilute the rules after overstepping the limits for three years in a row.

Greece, which triggered the crisis by piling up a deficit of 13.6 percent last year, said it will be part of a front that opposes German-led calls to strip high-deficit countries of the right to vote on some EU decisions.

The goal is to make legislative proposals by October, with the EU setting no deadline for when the policy changes would take effect. Some proposals may require an overhaul of EU treaties, a process that took eight years for the 27-nation bloc's current rulebook.

The consultations came before U.S. Treasury Secretary Timothy F. Geithner visits Europe next week to discuss the debt crisis in separate meetings with U.K. Chancellor of the Exchequer George Osborne, European Central Bank President Jean- Claude Trichet and German Finance Minister Wolfgang Schaeuble.

Schaeuble's main contribution to the debate – a call for a way to manage "orderly state insolvencies" in case emergency lending to distressed governments fails –found little backing in the 27-nation meeting, Van Rompuy said.

Germany was alone in calling for a default procedure "only in a long-term context" and "in the short term, nobody proposed that kind of scheme," Van Rompuy said.

Instead, the EU stuck to the view, voiced by European commissioner Joaquin Almunia in a Jan. 29 Bloomberg Television interview, that "in the euro area, default does not exist,"

Increased Coordination

Proposals by the European Commission would also deepen EU coordination during each country's annual budget-writing process and extend the threat of sanctions to cover countries that fail to push their budgets toward balance during "good economic times."

Germany came with a nine-point plan that amplified the commission's proposals and added some of its own, including a call for all euro governments to enact a balanced-budget amendment.

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
25-May-10	47.2525	47.4025	47.1800	47.3000	47.4000	337621	1199621	567002.38	47.4000
24-May-10	46.8500	47.0500	46.6000	47.0000	47.0000	431307	3433980	1605651.38	46.6700
21-May-10	47.1500	47.3550	46.7800	46.9575	46.9575	481205	3537508	1663118.83	46.9500
20-May-10	46.2725	46.9000	46.2250	46.7725	46.7725	479198	3592330	1673818.29	46.7500
19-May-10	45.8200	46.4200	45.8200	46.3575	46.3575	534004	3915910	1805797.31	46.0000

[Source: NSE and RBI Website]

Canada on the Net

Japan, at the meeting of the Council for Trade in Goods on 21 May 2010, expressed concern over what it said were local-content requirements in a renewable-energy programme in Canada's province of Ontario.

It asked Canada to explain the consistency of the requirements with various WTO agreements, including the GATT 1994 provision on equal treatment for imports, and the Agreement on Trade-Related Investment Measures.

The European Union and the United States expressed interest on this matter.

Canada said that its trade officials are reviewing the programme, and that Japan's questions had been forwarded to Ontario.

On another matter, Chinese Taipei expressed concern that Canada imposes higher tariffs on products from Chinese Taipei as compared to products from developing economies with higher levels of per capita GDP. It urged Canada to provide non-discriminatory tariff treatment to products from Chinese Taipei as Canada had done with other members that are at comparable levels of development.

Canada said that it already maintains very low tariffs, and that recently, it had eliminated tariffs on manufacturing inputs and machinery. It added that these measures have benefited its trading partners, including Chinese Taipei.

Eu Enlargement

The Goods Council approved requests by the European Union to extend deadlines on its tariff negotiations with other members on its enlargements in 2004 and in 2007 respectively.

Argentina

It also approved a request by Argentina to extend its waiver related to the introduction of the Harmonized System 1996 changes, and forwarded the decision to the General Council for adoption.

Two FTAs Notified

The Chair, Ambassador Anthony Mothae Maruping (Lesotho), informed the Council of the notification of two regional trade agreements to the Committee on Regional Trade Agreements: Free Trade Agreement between Honduras-El Salvador and Chinese Taipei; and Free Trade Agreement between the Association of Southeast Asian Nations (ASEAN), Australia and New Zealand.

Agri -3 List 36 Questions in Agri Talk

With the WTO Doha Round of trade negotiations trapped in political limbo, senior officials are meeting on Wednesday and Thursday this week to try to map out a way forward for the troubled talks. But the cracks between countries' visions of how to resolve the ongoing stalemate were also evident in a separate meeting on agricultural safeguard measures for developing countries, and in informal proposals on the negotiating process at the WTO.

Capital-based officials and Geneva ambassadors from around 19 countries with divergent interests met on Wednesday at the EU mission to identify how talks should progress in the months ahead, sources said. One delegate familiar with the informal G-19 talks said that participants would be asking "'What are the processes involved in the next stage, and what are the politics required to do it?'" ahead of a ministerial level gathering on the margins of an OECD meeting next week.

The G-19 discussion follows talks held in late April among Brazil, China, the EU, India and the US. Developing countries at the April talks underscored the need to include a wider group of participants in order to ensure an inclusive and transparent process.

Argentina, China and India: more wide-ranging talks needed

Argentina, China and India have circulated an informal document that argues for more wide-ranging talks on the draft "modalities" - the outline Doha farm deal containing the formulas and figures for cutting tariffs and subsidies, and exceptions to them.

The co-sponsors claim that "there are a number of provisions which need to be clarified" in order to avoid differences of interpretation, listing some three dozen questions that in their view still need to be addressed. To date, the chair of the farm trade talks has focused discussion on ten categories of unresolved issues that are "annotated" or "bracketed" in the draft text - such as cuts to cotton subsidies, or the number of "sensitive products" that countries will be allowed to shield from tariff cuts in exchange for expanded import quotas.

The three countries behind the latest informal proposal suggest that technical talks need to go beyond these ten issues. They suggest that questions warranting further clarification include the cuts to overall trade-distorting support; cuts to trade-distorting subsidies in the WTO's "amber" and "blue" boxes; arrangements for eventually amending the current Agreement on Agriculture; the general formula for tariff cuts; sensitive products; and proposed disciplines on tariff escalation and tariff simplification, among other issues.

Special Safeguard Mechanism

Sources told that no significant progress was achieved in an informal small-group consultations on the special safeguard mechanism (SSM) - a tool intended to allow developing countries to defend domestic producers from surges in the volume of imports, or price depressions. Delegates from the G-33 developing country coali-

Malaysia Cries Over Anti Palm Oil Bias in EU

Malaysia's minister of plantation industries and commodities, Tan Sri Bernard Dompok, has claimed that the EU's Renewable Energy Directive unfairly excludes palm oil from the European market. The minister made the statement at 3 May meeting that also saw the launch of the Indonesia-Malaysia Palm Oil Group, a coalition of six Malaysian and Indonesian palm oil producer associations. The group aims to address concerns over the sustainability of palm oil production.

Dompok said he would seek legal advice from the WTO and consult informally with his Indonesian counterpart regarding the possibility of launching a WTO dispute to redress the situation. Under a new directive on renewable energy, which was adopted in 2009 and will enter into force by the end of this year, biofuels must make up ten percent of transport fuel in EU countries. However, the EU has put in place a system of checks and balances to ensure that these biofuels are sustainable.

Notably, biofuels entering the EU market must be at least 35 percent more carbon efficient than fossil fuels, and they cannot be derived from cleared forest or wetlands. In practice, these sustainability criteria would keep Malaysian and Indonesian palm oil off the EU market, while European rapeseed biodiesel, for example, would meet the criteria.

The environmental claims of certified sustainable palm oil have been in question recently as Unilever, the world's largest purchaser of palm oil, blacklisted two major Indonesian members of the Roundtable on Sustainable Palm Oil (RSPO) for engaging in "unsustainable" practices. While the oil is primarily used as an ingredient in food and detergents - products like margarine, cooking oil, soaps and shampoos - it is increasingly being used as a biofuel.

Nestlé, the world's biggest food and nutrition company, has also made a move to promote palm oil sustainability. The Swiss-based firm announced this week that it has partnered with The Forest Trust, an international non-profit group, to help the company achieve its goal of getting 100 percent of its palm oil from sustainable sources by 2015. As part of this initiative, Nestlé is promising to scrutinise its supply chains and enforce strict new standards.

"Nestlé's actions will focus on the systematic identification and exclusion of companies owning or managing high risk plantations or farms linked to deforestation," the company said in a statement posted on its website on Monday.

Together, Malaysia and Indonesia produce 85 percent of the world's palm oil.

tion that favours a strong SSM said they were disappointed that there had been almost no substantive discussion on technical submissions that they made earlier in the year, on flexibilities for small, vulnerable economies (SVEs) and on pro-rating the calculation of average import volumes so as to discount months in which safeguards had been imposed.

Sources also reported that Canada had presented an informal submission on the special safeguard mechanism at the meeting, with the support of Australia and other unspecified WTO members. Delegates familiar with the document suggested that it drew quite heavily on a technical submission from Australia that was circulated in December 2009.

UNCTAD Calls for New Green Revolution

Ineffective farming techniques and wasteful post-harvest practices have left sub-Saharan Africa as the region most likely to miss the first Millennium Development Goal: eradicating extreme hunger and poverty by 2015, warns the **2010 UNCTAD Technology and Innovation Report** (1) (TIR).

The report, released on 19 May, calls for a "green revolution" for Africa that cannot be based on well-publicized farming advances in Asia and Latin America, but built instead on technology and innovation aimed at the needs and capabilities of Africa´s millions of smallholder farmers and at coping with the continent´s varying climate conditions.

For example, while modern irrigation techniques can increase crops yields dramatically, most of them have been designed for relatively large and fairly sophisticated systems. Now, thanks to alternative new technologies such as low-cost drip irrigation, improved treadle pumps and low-cost plastic water tanks to store runoff, smallholders can benefit from modern irrigation techniques that would otherwise be unaffordable, given the small size of their farms and the limited capital available to them. The report includes similar examples in such areas as biotechnology, fertilizers, pesticides, tilling, and post-harvest technologies. Innovative policies to improve the access of farmers to appropriate technologies also are covered. For example, a policy of "smart subsidies" to ease access to fertilizers has resulted in staggering increases in maize production in Malawi, demonstrating the key role credit and other instruments can play in enabling farmers to adopt effective existing technologies.

In the medium and long term, making innovation systems more coherent, targeting external support more effectively, and increasing investment in agricultural research and development offer the greatest potential for improving food security in Africa, the report says. With the appropriate international support and the necessary political will, African agriculture can be transformed through science, technology, and innovation and contribute to broader economic growth and development on the continent, the TIR contends.

Contents of the Report

- Chapter 1. Key Issues in the Development of Agriculture in Africa
- Chapter 2. Building Innovation Capabilities in African Agriculture
- Chapter 3. Agriculture and National Food Security
- Chapter 4. Challenges and Opportunities to Achieve Food Security
- Chapter 5. Transfer and Diffusion of Agricultural Technology
- Chapter 6. Technology Mixes for Small-Scale Farming
- Chapter 7. Recommendations

Cameroon, EU Ink Deal to Combat Illegal Timber Trade

After 31 months of negotiations, Cameroon and the EU have signed a Voluntary Partnership Agreement (VPA) aimed at ensuring that only legally harvested timber from the West African country enters the European market. Once implemented, the VPA will apply to all wood products harvested or produced in Cameroon, one of Africa's largest exporters of tropical hardwood.

Both government and civil society observers say that if implemented properly, the deal could end illegal logging in the heavily forested country. Cameroon has struggled with illegal and unsustainable logging for many years. From 1990-2005, 13.4 percent (3.3 million hectares) of the country's forest cover was lost.

Non-governmental organisations following the progress of the deal have praised the process of the negotiations for being "transparent" and "inclusive." Observers say the bilateral process sets an excellent example for future negotiations, but caution that transferring the good intentions on paper into practice will not be easy.

The implementation date for the deal is set for 2012. When the VPA takes effect, all wood products exported from Cameroon to the EU will have to be accompanied by a license proving that they were legally obtained and that they were harvested in a way that retains the health of the nation's forests and gives benefits back to forest communities.

Civil society groups following the negotiations said the open process has been exceptional. The government of Cameroon has committed to making information publicly available, continuing independent monitoring of the forestry sector, carrying out legal framework reforms applicable to the forestry sector, and including civil society in the implementation process.

"One of the strengths of this agreement lies in the fact that it clearly identifies the information that must be publicly disclosed," said Symphorien Azantsa, Coordinator of the Cameroon-based EC Forest Platform, an organisation that is closely monitoring the agreement.

Cameroon exported nearly US$500 million worth of wood and wood products in 2006. Approximately 80 percent of the country's processed wood is exported to the EU, while 60 percent of its raw logs are shipped to China.

This is the third VPA to be signed in Africa in as many years. Ghana signed an agreement in 2008 and the Republic of Congo - also known as Congo-Brazzaville - clinched a deal in 2009.

VPAs lie at the core of the European Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, the EU's response to a call for action at the 2002 World Summit on Sustainable Development in South Africa. Beyond VPAs, Brussels promised to require EU member states to purchase sustainable forest products, and to introduce a legislative measure discouraging the importation of wood from unknown - and thus, potentially illegal - sources.

There is currently no EU law preventing illegally harvested wood from entering the European market.

Carbon Market Crashes

Emission traders' most-profitable credits, linked to greenhouse gases considered more harmful than carbon dioxide, are dragging the United Nations carbon market to its biggest discount in a year.

The UN faces a devaluation of the tradable credits it gives investors that pay for projects to reduce hydrofluorocarbons, or HFCs, because the European Union may favor alternatives such as windfarms to combat global warming. UN offsets for 2012 traded at 4.02 euros ($4.90) a metric ton less than comparable EU permits, almost twice the spread at the end of last year.

Goldman Sachs Group Inc. and Royal Dutch Shell Plc are among investors that may get lower returns amid a clampdown on HFCs, which are known as "super gases" because they can trap 11,700 times more heat per molecule than CO2. Bloomberg New Energy Finance said the UN market may fall into two tiers by 2013, with "low quality" offsets dropping to about 7 euros versus 11 euros for those not affected by any EU discount.

"The market believes these offsets are environmentally tainted" because it is marking down HFC projects, said Alex Desbarres, an energy analyst with Datamonitor in London, which provides analysis of energy markets.

While UN Certified Emission Reduction units for delivery in 2012 are up 4.7 percent this year, their discount against EU permits for 2012 is widening on London's European Climate Exchange. The difference was 4.20 euros a ton on May 13, the largest spread since May 20, 2009, and twice as much as in December, when envoys in Copenhagen were unable to extend the 1997 Kyoto Protocol. The December 2012 UN contract fell as much as 1.8 percent to 11.97 euros, its lowest for a month.

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Cotton Exports Restricted with Immediate Effect

44-Ntfn(RE) 21.05.2010 (DGFT) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 1.3 and 2.1 of the Foreign Trade Policy, 2009-14, and also read with Notification No. 26 (RE 2008)/2004-09 dated 22.7.2008, the Central Government hereby makes the following amendments in the Schedule 2, Table B of ITC HS Classifications of Export and Import Items, with immediate effect, as under:

2. With immediate effect, existing entries against S. No. 161 A of the table at the end of Para 1 of Notification No. 26 (RE 2008)/2004-09 dated 22.7.2008 shall be substituted as follows:

"Chapter 52

SNo.	Tariff Item Code	Unit	Item of Description	Export Policy	Nature of Restriction
161 A	**5201**		**Cotton, not carded or combed**		
	5201 00		Cotton, not carded or combed Indian cotton:	Restricted	Exports permitted under licence
	5201 00 11		Bengal deshi	Restricted	Exports permitted under licence
	5201 00 12		Indian cotton of staple lengths 20.5 mm (25/32") and below (e. g. oomras, yellow picking, Assam Comillas)	Restricted	Exports permitted under licence
	5201 00 13		Indian cotton of staple length exceeding 20.5mm (26/32") and but not exceeding 24.5mm (30/32")	Restricted	Exports permitted under licence
	5201 00 14		Indian cotton of staple length over 24.5 mm (31/32") to 28 mm	Restricted	Exports permitted under licence
	5201 00 15		Indian cotton of staple length 28.5 mm (14/32") and above but below 34.5 mm	Restricted	Exports permitted under licence
	5201 00 19		Indian cotton of all staple length 34 5 mm and above (112/32")	Restricted	Exports permitted under licence
	5201 00 20		Cotton, other than Indian, of all staple lengths	Restricted	Exports permitted under licence
	5202		**Cotton waste (including yarn waste and garnetted stock)**		
	5202 10 00		Yarn waste (including thread waste)	Restricted	Exports permitted under licence
			Other:		
	5202 91 00		Garnetted stock	Restricted	Exports permitted under licence
	5202 99 00		Other	Restricted	Exports permitted under licence
	5203		**Cotton, carded or combed**		
	5203 00 00		Cotton, carded or combed	Restricted	Exports permitted under licence"

3. This issues in public interest.

No More Free Import of Worn Clothing

Subject: Import policy of worn clothing and other worn articles.

43-Ntfn(RE) 19.05.2010 (DGFT) In exercise of powers conferred under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with paragraph 2.1 of the Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in Schedule –1 of the ITC(HS) Classifications of Export and Import Items.

2. After amendment the following entry would read as under:-

Exim Code	Item description	Policy	Policy conditions
6309 00 00	Worn clothing and other worn articles	Restricted	

3. The Import Licensing Note No. (1) at the end of Chapter 63 stands deleted.

*[**The deleted Import Licensing Note (1) was** [Unit in the Special Economic zone will be allowed to sell worn clothing in the Domestic Tariff Area to the extent of 15% of the cif value of imports made in the previous year.]*

4. This issues in public interest.

Search Investigation and Inspection Powers in SEZ

[Instruction No. 56 – No-C-1/1/2009-SEZ dated 7th May 2010]

Sub: Withdrawal of Instruction No. 45.

56-SEZ Cir 07.05.2010 I am directed to say that pursuant to Notification dated 13th January, 2010 operationalising Section 20, 21 and 22 of the SEZ Act, 2005, Instruction No. 45 dated 30th November, 2009 stands withdrawn w.e.f 13.1.10.

Grant of Status Holders Incentive Scrip Benefit to Textile Garments

33-Pol.Cir 19.05.2010 (DGFT) This has reference to Para 3.16.4 of the FTP 2009-14 under which Textiles is one of the sectors entitled to Status Holders Incentive Scrip @ 1% of FOB value of exports made during 2009-10 and 2010-11.

2. The Apparel Export Promotion Council has informed that some garment exporters are facing difficulty in submitting their applications for availing Status Holders Incentive Scrip benefit as some Regional Authorities are insisting upon a clarification from the DGFT Head Quarters to the effect that garments are covered under the Textile Sector under Para 3.16.4 of the FTP 2009-14.

3. It is, hereby, clarified that under Para 3.16.4 of the FTP 2009-14, Textile Sector covers textile garments as well.

4. This issues with the approval of DGFT.

Fuel Import under Advance Authorisation

66-PN(RE) 19.05.2010 (DoR) In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2004-09 and Paragraph 1.1 of the Handbook of Procedures (Vol.1), the Director General of Foreign Trade hereby makes the following amendments in the Handbook of Procedures, Vol.2, 2009 -2014, as amended from time to time.

1. The Last Paragraph to "General Note for Fuel" in HBP, Vol. 2 stands replaced by the following clause:

For the purpose of import of fuel under Advance Authorisation, the applicant shall indicate the name of the specific fuel sought for import in their application. Import of fuel shall also be permitted under Paragraph 4.7 of Handbook of Procedures, v1, related to Adhoc Norms, as per the entitlement under "General Note for Fuel". In case of DFIA, import entitlement for fuel as per SION, may be transferred only to companies, which have been granted licences to market fuel by the Ministry of Petroleum and Natural Gas.

This issues in public interest.

One Lac Non-Basmati Rice Export Quota for Bangladesh through STC, MMTC and PEC Released

Subject: Prohibition on Export of Non-basmati Rice – exemption regarding

42-Ntfn(RE) 18.05.2010 (DGFT) In exercise of the powers conferred by Section 5 read 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, with immediate effect, the following amendment to Notification No.38 (RE-2007)/2004-2009, dated 15.10.2007 read with Notification No. 93 (RE-2007)/2004-2009 dated 1.4.2008, as amended from time to time.

2. Following shall be added at the end of Para 2.1.12 of the Notification No. 93 (RE-2007)/2004-09 dated 1st April, 2008:

"2.1.13 With immediate effect, ban on export of Non-basmati rice shall also not be applicable to export of 1,00,000 MTs of non basmati rice (Parboiled) to Bangladesh as follows:

SNo.	Quantity (MTs)	Name of PSU through which export to be made
1.	50,000	STC
2.	25,000	MMTC
3.	25,000	PEC
Total	**1,00,000."**	

3. The above export shall be subject to the following conditions:-

(i) Export will be undertaken directly, and only, by the designated PSU(s);

(ii) Recipient countries will be advised to enter into contracts for the exports only with the designated PSU(s), in terms of GATT provisions;

(iii) The PSU(s) will buy rice from the market from all over the country;

(iv) The PSU(s) will make purchases from the market at a price as close to MSP as possible, so as not to disturb the existing price situation in the market;

(v) The PSU/s will procure and export rice as per guidelines prescribed by the Department of Commerce vide O. M. No. 7/4/2009 - FT(ST) dated 18.2.2010;

(vi) End-point verification of exports reaching the destination will be filed by the PSU(s).

4. All other provisions of the Notification No.93 (RE-2007)/2004-09 dated 1st April, 2008, as amended from time to time, shall remain unchanged, and shall continue to apply.

5. This issues in public interest.

Wheat Flour Exports Subject to Limit of 6.50 Lakh MTs – Period Extended upto 31st March 2011

41-Ntfn(RE) 18.05.2010 (DGFT) In exercise of the powers conferred by Section 5 read with Section 3(2) of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) and read with Para 1.3 and Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government hereby makes the following amendment, with immediate effect, in Paragraph 1 of Notification No. 33(RE-2007)/2004-2009, dated 08.10.2007, as amended from time to time:

2. With immediate effect, existing entry against ITC (HS) code 1101 pertaining to wheat products, at Sl. No. 46A of the table in Paragraph 1 of Notification No. 33(RE-2007)/2004-2009, dated 08.10.2007 read with Notification No. 116 (RE-2008)/2004-2009, dated 3.7.2009, shall be substituted and read as:

"SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
46A	1101	Kg	Wheat Flour (Maida), Samolina (Rava/ Sirgi), Wholemeal atta and resultant atta	Free	(i) The export is permitted subject to a limit of 6,50,000 tonnes during the period from 3rd July, 2009 to 31st March, 2011; (ii) Exports shall be allowed only from Customs EDI Ports.

3. The quantity of wheat products to be exported as mentioned in Para 2 above shall be monitored on a fortnightly basis both by the Customs Department as well as by DGCI&S, through fortnightly reports to be sent to the Department of Commerce / DGFT as well as to the Department of Food & Public Distribution.

4. This issues in Public Interest.

Stone Aggregate Exports Quota to Maldives for the Year 2010-11

Sub: Export of Stone Aggregate to Maldives for the year 2010-2011.

45-Ntfn(RE) 21.05.2010 (DGFT) In exercise of powers conferred by Section 5 and section 3(2) of the Foreign Trade (Development and Regulation) Act, 1992 read with paragraph 1.3 and paragraph 2.1 of the Foreign Trade Policy, 2009-14, as amended from time to time, the Central Government hereby amends Schedule 2 (Export Policy) of the ITC (HS) Classifications of Export and Import Items, as follows:-

2. In Chapter 25, the export licensing note regarding export to Maldives, shall be substituted as following:-

"1. Export to Maldives permitted as per ceiling mentioned below subject to issue of No Objection within the annual ceiling by CAPEXIL who shall monitor the ceiling and send a quarterly report to Export Cell in DGFT:

For the financial year 2010-11 (on annual basis)

Stone Aggregate : 1,026,550 MTs

2. For the export of above quantity of Stone Aggregate, CAPEXIL shall ensure that the suppliers/extractors have obtained appropriate clearances."

3. This issues in public interest.

Somalia Included in 80% Off Scheme for LDCs

Ntfn 63 13.05.2010 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest 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.96/2008-Customs, dated the 13th August, 2008 which was published in the Gazette of India, Extraordinary, vide number G.S.R. 590 (E), dated the 13th August, 2008, namely:-

In the said notification, in the Schedule, after serial number 19 and the entries relating thereto, the following serial numbers and entries shall be added, namely:-

S.No.	Name of the Country
"20	Republic of Somalia"

[F.No.354/189/2005-TRU (Vol II)]

Maldives, Bangladesh and Burundi Included in 80% Off Tariff Scheme for LDCs

Ntfn 64 14.05.2010 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 96/2008-Customs, dated the 13th August, 2008 which was published in the Gazette of India, Extraordinary, vide number G.S.R. 590 (E), dated the 13th August, 2008, namely:-

In the said notification, in the Schedule, after serial number 20 and the entries relating thereto, the following serial numbers and entries shall be added, namely:-

S. No.	Name of the Country
"21	Maldives
22	Bangladesh
23	Republic of Burundi"

F. No. 354/189/2005-TRU (Vol II)]

19 More Lines Opened to Trade with Myanmar by Land Route at 5% Duty

Ntfn 62
12.05.2010
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.9/1995-Customs, dated the 6th March, 1995 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), *vide* number G.S.R.110 (E), dated the 6th March,1995, namely:-

In the said notification, in the Table, after S.No. 21 the following S.No.s and entries shall be inserted, namely,-

S.No.	Description of goods
" 22.	Bicycle parts
23.	Life - saving drugs
24.	Fertilizers
25.	Insecticides
26.	Fabrics made wholly or predominantly of cotton
27.	Stainless steel utensils
28.	Menthol
29.	Agarbatti
30.	Spices
31.	Cosmetics
32.	Leather footwear
33.	Paints & Varnishes
34.	Sugar
35.	Salt
36.	Mosquito Coils
37.	Electric bulbs
38.	Razor blades
39.	X-Ray Paper & Photo paper
40.	Imitation jewellery"

[F. No. 354/99/2009-TRU.]

Italian Accredited Agencies for Issuance of COP for Vehicles Address Changed

Subject: International accredited agencies for issuance of TAC/ COP for import of vehicles.

34-Pol.Cir
19.05.2010
(DGFT)

In the Policy Circular No. 26 (RE-2003)/2002-2007 dated 09.02.2004, the entry at S. No. 3 is amended to read as follows:

SNo.	ECE Symbol	Country	Test Agency
3.	E3	Italy	Ministero delle Infrastrutture e dei Trasporti Dipartimento per i Trasporti, la Navigazione ed i Sistemi Informativi e Statistici Direzione Generale per la Motorizzazione Tel : + 39 06 4158 6169, Fax : + 39 06 4158 6165 email: dtt.dgmot2@mit.gov.it

2. This issues with the approval of competent authority.

Change of Vadodara and Indore Jt. DGFT Office Address

Subject: (i) New Office address of Regional Authority Vadodara.

(ii) Amendment in Public Notice No. 55 dated 9.4.2010.

65-PN(RE)
19.05.2010
(DGFT)

In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy 2009-2014, the Director General of Foreign Trade hereby makes the following amendment/ addition 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
15.	The Joint Director General of Foreign Trade, 1st Floor, Jilla Panchayat Building, Sardar Patel Bhawan, Besides Polo Club, Raj Mahal Road, Vadodara-390001.	Tel: 0265-2429368 Fax: 0265-2428789 Email: jdgftvad@hotmail.com	Districts of Gujarat (i) Vadodara, (ii) Anand, (iii) Kheda, (iv) Panchmahal, (v) Dahod, (vi) Bharuch and (vii) Narmada
16.	The Joint Director General of Foreign Trade, 3rd Floor, Nirman Sadan, Behind Govt. Press, 52-A, Arera Hills, Bhopal - 462 011, Extension Counter of Joint Director General of Foreign Trade, Bhopal: Ground floor, A Wing, CGO Building, Residency Area, Indore-452001 (M.P.)	Tel: 0755-2553323 Fax: 0755-2553303 E-Mail: dgftbpl@mp.nic.in Tel: 0731-2499522 E-Mail: dgftind-mp@nic.in	Madhya Pradesh excluding the area which are under the jurisdiction of Deputy Director General of Foreign Trade, Nagpur.

This issues in public interest.

Issue of Free Sale and Commerce Certificate for Export

64-PN(RE)
18.05.2010
(DGFT)

In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby makes, with immediate effect, the following amendments in the Handbook of Procedures, Vol. 1:

2. At the end of sub-para of Para 2.49 in the Handbook of Procedures Vol. I/2009-14, relating to Free Sale and Commerce Certificate the following shall be added:

"RAs may also issue, on application, Free Sale and Commerce Certificate for export of any other item which is not restricted or prohibited for export. Validity of such certificate shall be two year from date of issue unless otherwise specified.

An application for grant of Free Sale and Commerce Certificate for these items may be made to RA concerned as per format in Annexure 39-A of HBP Vol. I along with Annexure A therein.

RA shall issue Free Sale and Commerce Certificate as per Annexure B of Appendix 39-A"

3. Appendix 39-A shall be added to HBP Vol.I, as per specimen annexed with this Public Notice.

4. This issues in public interest.

Appendix 39-A

Application for Free Sale & Commerce Certificate for Items other than Medical Devices/Instruments

1. Name of the firm / Company:
2. Address of Registered Office:
   (i) Tel No:
   (ii) Fax No:
   (iii) e.mail ID:
3. Importer Exporter Code No:
   (i) Code No.:
   (ii) Name & Address of issuing authority:
4. Registration –cum-Membership Certificate (RCMC) details:
   (i) Name of the Council:
   (ii) Registration No and date:
   (iii) Validity:
5. Brief Description of exports:
   (i) Details of foreign buyer with complete address, e.mail ID etc.:
   (ii) Brief description of items to be exported under the certificate:
6. Details of items for which Free Sale & Commerce Certificate is sought to be obtained (Annexure A to be attached duly self-certified):
7. I hereby declare that items listed in Annexure A,
   (i) are not prohibited or restricted for export under Schedule 2 of ITC (HS) and are free for export;
   (ii) the export of the items does not violate any of the provisions of the laws/Acts es-

tablished by any of the Ministries/Departments/Offices of the Central/State Governments; and

We further undertake to abide by any of the provisions under FTP, FT(D&R) Act, 1992 or any other law established by any of the Ministries/Departments/Offices of the Central/State Governments relating to export of these items.

(Signature)

Name & Designation of the Authorized Signatory

Seal of the Company

Declaration/Undertaking

1. I / We hereby declare that the particulars and the statements made in this application are true and correct to the best of my / our knowledge and belief and nothing has been concealed or held there from.

2. I / We fully understand that any information furnished in the application if found incorrect or false will render me / us liable for any penal action or other consequences as may be prescribed in law or otherwise warranted.

3. I / We undertake to abide by the provisions of the FT (D & R) Act, 1992, the Rules and Orders framed there under, FTP, HBP v 1 and HBP v2 and ITC (HS).

4. a. I / We hereby certify that the firm / company for whom the application has been made has not been penalized under Customs Act, Excise Act, FT (D & R) Act 1992 and FERA / FEMA.

b. I / We hereby certify that none of the Proprietor / Partner(s) / Director(s) / Karta / Trustee of firm / company, as the case may be, is / are a Proprietor / Partner(s) / Director(s) / Karta / Trustee in any other firm / Company which has come to adverse notice of DGFT.

c. I / We hereby certify that the Proprietor / Partner(s) / Director(s) / Karta / Trustee, as the case may be, of the firm/company is / are not associated as Proprietor / Partner(s) / Director(s) / Karta / Trustee in any other firm / company which is in the caution list of RBI.

d. I / We hereby certify that neither the Registered Office / Head Office of the firm/ company nor any of its Branch Office(s) / Unit(s) / Division(s) has been declared a defaulter and has otherwise been made ineligible for undertaking import / export under any of the provisions of the Policy.

5. I / We hereby declare that I / We have not obtained nor applied for such benefits (including issuance of an Importer Exporter Code Number) in the name of our Registered / Head Office or any of our Branch(s) / Unit(s) / Division(s) to any other Regional Authority.

6. I / We hereby declare that I/we have perused the list of SCOMET items as contained in the Appendix 3 to the Schedule 2 of the ITC (HS) and that the item(s) exported / proposed to be exported does not fall within this list and that I / We agree to abide by the provisions of FTP for export of SCOMET items contained in the FTP, Schedule 2 of ITC (HS) and the HBP v1, irrespective of the scheme under which the item is exported / proposed to be exported.

7. I / We solemnly declare that I / We have applied for / obtained a RCMC to the EPC which pertains to our main line of business. In case we have applied to any other council, the application has been made within the purview of the provisions of Para 2.67 and Para 2.67.1 of the HBP v1.

8. I hereby certify that I am authorized to verify and sign this declaration as per Paragraph 9.9 of the Policy.

Signature of the Applicant: Place:

Name: Date:

Designation:

Official Address:

Telephone:

Residential Address:

Email Address:

Note: This form with Annexure-A may be submitted without other parts of the Aayat Niryat Form.

(Appendix 39-A)

Annexure – A

Proforma for Submission of list of Products

(May be clearly typed)

SNo.:

Name of Product:

ITC (HS) Code:

Manufacturers / Exporters name and address:

Is the product licensed under the provisions of the laws / Acts established by any of the Ministries / Departments / Offices of the Central / State Governments for manufacture and sale, and if so please specify:

Description of the product including use (attach literature, if required.):

(Appendix 39-A)

Annexure - B

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade

Free Sale and Commerce Certificate

The items as per Annexure (Total items) manufactured by M/s. (Name of the firm & full address) are freely sold in India and are freely exportable.

This certificate is valid for a period of two year from the date of issue.

Encl: As above.

Place:

Date:

Director General of Foreign Trade

Note: This certificate is based on declaration by the above firm that items of export shown in Annexure are neither restricted nor prohibited for export.

Rice Parboiling Machinery Classified under Heading 8437

Subject: Classification of rice parboiling machinery.

924-CBEC 19.05.2010 (DoR)

It has been brought to the notice of the Board that classification of Rice parboiling machinery is being disputed in certain jurisdictions. Two tariff headings under consideration for its classification are 8419 or 8437. It has been represented by the Rice Mill Machinery Manufacturers Association that the practice so far followed by the department was not to charge excise duty for many years but suddenly it has been sought to charge duty on these machines by proposing classification under heading 8419. The matter has been examined by the Board.

2. Paddy processing plant consists of sections with functions like parboiling, drying, rice milling and polishing . Parboiling plants and drier plants are used for steaming and drying paddy and also for reducing the moisture content in the paddy. The processed paddy is then sent to subsequent sections where husking, hauling, milling and polishing are undertaken. Briefly, parboiling process involves three stages, namely, pre-steaming, soaking and steaming. In the first stage, clean raw paddy is steamed for 3 to 5 minutes. In the second stage, pre-steamed paddy is soaked in water tanks for about 4-5 hours. In the last stage, the soaked paddy is passed through steaming process for 3-5 minutes. Subsequently, steamed rice are dried in a dryer. The dryer is also supplied alongwith parboiling rice machinery. It has been mentioned by the Association that 100% of parboil plant and equipment are used only in rice mill industry and that the parboiling process is exclusive to paddy. It has also been contended by the Association that parboiling units are integral part of rice mill. Subsequent to the parboiling process, the further process of dehusking and drying is carried out in the same unit. Therefore, parboiling rice machinery is an integral part of rice mill plant. Thus it has been argued by the Association that these machines merit classification under heading 8419 because of following main grounds:

i. Rice parboiling machineries are used only in rice mill plant.

ii. These are integral part of rice processing plant and these cannot function in isolation. Therefore, function of Rice parboiling machinery/ drying unit is complementary to other function of rice processing plant.

3. On the other hand, in support of classifying it under tariff heading 8419, it has been argued that Parboiling and drier plants perform the function of steaming and drying which are inde-

pendent of milling and these occur before milling process. Therefore it has been viewed that parboiling and drier plant are not essential and integral part of rice mill and therefore it would merit classification under heading 8419. It has also been opened that machinery performing specific functions like steaming or drying are specifically covered by heading 8419. Further, reference has also been made to Chapter Note 2 to Chapter 84 to justify the classification under heading 8419.

4.1 On examination of the issue, the Board observes that the General rules for interpretation of Central Excise Tariff provide that "*for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require*". Therefore the classification of these goods should be determined in terms of the headings read with the relevant section and chapter notes. Section Note 3 & 4 to Section XVI and chapter Note 2 to Chapter 84 are relevant for present issue and these are reproduced below:

Section Note 3 and 4 to Section XVI

"3. Unless the context otherwise requires, composite machines consisting of two or more machines fitted together to form a whole and other machines designed for the purpose of performing two or more complementary or alternative functions are to be classified as if consisting only of that component or as being that machine which performs the principal function.

4. Where a machine (including a combination of machines) consists of individual components (whether separate or interconnected by piping, by transmission devices, by electric cables or by other devices) intended to contribute together to a clearly defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function."

Chapter Note 2 to Chapter 84:

"Subject to the operation of Note 3 to Section XVI and subject to Note 9 to this Chapter, a machine or appliance which answers to a description in one or more of the headings 8401 to 8424, or heading 8486 and at the same time to a description in one or other of the headings 8425 to 8480 is to be classified under the appropriate heading of the headings 8401 to 8424 or under the heading 8486, as the case may be, and not under the headings 8425 to 8480.

Heading 8419 does not, however, cover :

(a) germination plant, incubators or brooders (heading 8436);

(b) grain dampening machines (heading 8437);

(c) ….

(d) ...

(e) ..."

4.2 Parboiling machinery, drier plant and rice mill in conjunction form the paddy processing. Thus such a plant can be considered as composite machines fitted together to perform the function of rice milling which is the principal function of such a combination. Thus in terms of the Section Note 3 & 4 even if one of the component/ machinery is performing complementary functions, the classification of such component/ machinery will be governed by the principal function being performed, and that in this case is rice milling.

4.3 Chapter Note 2 provides that if a machine can be classified based on description under heading 8419 and also under 8437, in that case it should be classified under 8419 only. Therefore, it would be seen that as per Chapter Note 2, the parboiling machine merit classification under heading 8419 but as per Section Note 3 and 4, the machinery merit classification under heading 8437. The Board observes that this controversy has been perceived by the HSN and at pages 1235 it has been mentioned that Chapter Note 2 which is known as rule of precedence for heading 8401 to 84.24 applies only to machines considered as whole. Composite machines or multifunction machines are required to be classified in accordance with Note 3 and Note 4 of Section XVI. As per this clarification available in the HSN, the parboiling machine and dryers which are part of composite machine (rice mill) would be correctly classified in terms of Section Notes 3 and 4 and therefore, the correct classification should be under heading 8437. Further, grain dampening machine has been excluded from the purview of heading 8419 and placed under heading 8437. One of the functions of Rice parboiling machinery is soaking of grain, which is in nature of dampening; hence this also support the classification of parboiling machinery under heading 8437.

5.0 Therefore, Board is of the view that Rice parboiling machinery and drier which are essentially for use in conjunction with the rice mill will merit classification under heading 8437.

6.0 Trade & industry as well as field formations may please be informed suitably.

F.No. 167/42/ 2009-CX.4

Return Fare not Included in Excise Valuation

Subject: - Clarification regarding inclusion of cost of return fare of vehicles in assessable value.

923-CBEC
19.05.2010
(DoR)

Attention is invited to clarification given at S. No 2(b) vide the Board's Circular No. 634/34/2002-CX dated 1st July 2002 as amended by the Circular No 827/4/2006 dated 12th April 2006 in terms of which the cost of return fare of vehicles was to be included in the value.

2. The Tribunal has in case of *DCW Ltd*. v. *CCE* [2007 (217) ELT 541 (Mad.)] held that " where onward freight was not includible in the assessable value of the excisable goods, there was no question of return freight being included in the assessable value, whether or not the return freight was mentioned in the relevant invoices. The principle stated by the Tribunal in the cited decision is squarely applicable in respect of such return freight also".

3. Further, the tribunal has in case of Haldia Petrochemicals Limited Vs Commissioner of Central Excise Haldia [2009 (233) E.L.T. 344 (Tri. - Kolkata)}] held that in case where the transaction value of the goods being cleared is available at the factory gate value will be determined in accordance with Section 4(1)(a) of the Central Excise Act,1944 without any reference to Rule 5 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000. The appeal filed by the department against this order of the tribunal has been dismissed by the Supreme Court vide its order in Civil Appeal D No 9262 of 2009 dated 12th August 2009

4. Tribunal has in case of Commissioner of Central Excise Vadodara-II Vs. Gujarat Fluorochemicals Ltd. [2009 (248) E.L.T. 885 (Tri. - Ahmedabad.)] followed the aforesaid order in case of Haldia Petrochemicals.

5. The Board has accepted the order of tribunal in case of Haldia Petrochemicals. Accordingly the clarification issued by the Board vide circular no 634/34/2002-CX dated 1st July 2002 as amended at point No 2(b) is withdrawn and it is clarified that cost of return fare of vehicles is not required to be added for determining value. All the pending cases may be decided in accordance with the aforesaid decision of the Tribunal.

6. Trade and Industry may be informed.

F No. 6/3/2010 – CX.1

Verification of DGFT Scrips by SFISC on Random Basis

The following Standing Order issued by the Commissioner of Customs (Export) Jawaharlal Nehru Custom House on 11th May 2010.

Sub: Procedure for verification of Credit Scrip issued under Served from India SchemeCertificate (SFISC);Vishes Krishi and Gram UdyogYojana(VKGUY), Target Plus Scheme (TPS); Focus Market Duty Scheme (FMS) & Focus Product Scheme (FPS).

29-SO
11.05.2010

Attention of all the officers concerned of this Custom House is invited to the PN no. 37/2009 dt. 25.03.09 in respect of the procedure to be followed in the case of Registration of Duty Credit Scrips issued under Served from India Scheme Certificates (SFISC);Vishesh Krishi and Gram Udyog Yojana (VKGUY), Target Plus Scheme (TPS); Focus Market Duty Scheme (FMS) & Focus Product Scheme (FPS). Presently the verification of the genuineness of these Scrips, in terms of para 3.11.3 of Hand Book Vol.I is being done before registration by the licence section, only on the basis of verification/confirmation of genuineness of issuance of the Duty Scrips from Licensing Authority and without verifying the relevant shipping Bills based on which the said Duty Scrip has been issued.

2. In terms of para (V) of P.N. No. 37/2009 – BKS DT. 25-03-2010, SIIB/CIU unit of this commissionerate, on receipt of information/intelligence is required to take up such registered licences for detailed scrutiny and investigation so as to see whether any mis-declaration or misrepresentation or any fraud/default has been committed in violation of the conditions of the relevant customs exemption notifications or the Foreign Trade policy, 2009-14.

3. In order to study and evolve a procedure for verification of such Duty Scrips either on the basis of specific information/intelligence or on selection basis or Risk parameters a study committee was constituted which met on 19.4.10 in JNCH and the following procedures/guidelines was decided.

4. The SIIB(X) Section of this commissionerate shall adopt the following criteria for selecting the Duty Scrips for random verification.

i) The duty Scrips which are issued on the shipping bills pertaining to other than this port & port of registration have been changed.

ii) The Duty Scrips issued prior to Realisation of export proceeds.

iii) The Duplicate Duty Scrips issued in place of Lost Original Scrips.

iv) The Duty Scrips issued in respect of S/Bills pertaining to sensitive products/items.

5. After selection of Scrips on the basis of the above mentioned criteria, SIIB(X) shall call for the following documents from the holder of the Duty Credit Scrips for the purpose of verification.

a) Original Duty Credit Scrips

b) Relevant S/Bills along with Export Invoice;

c) ARE-1/ARE-3 etc.

d) Bills of Lading, Load port report, Copy of Mate Receipts. BRC (Bank Realisation Certificate)

e) Test Report, if any & any other relevant documents

f) Port of Landing Certificate or Container Tracking Report in the case of FMS Scrips.

6. This procedure shall be revised once the online transmission of Duty Scrips is operationalised by DGFT.

7. Difficulties faced, if any in implementation of the Standing Order may please be brought to the notice of the undersigned.

F.No: S/G-Misc-238/09.10 SIIB(x)

Electronic Submission of Annual Financial Information Statement Must for Total Duty Paid of Rs. 10 Lac or more w.e.f 1 June 2010 – I

20-CE(NT) 18.05.2010 (DoR) In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby makes the following rules further to amend the Central Excise Rules, 2002, namely:-

1. (1) These rules may be called the Central Excise (Second Amendment) Rules, 2010.

(2) They shall come into force on 1st June, 2010.

2. In the Central Excise Rules, 2002,-

(a) in rule 12, after sub-rule (2), after clause (a), the following proviso shall be inserted, namely:-

"Provided that where an assessee has paid total duty of rupees ten lakh or more including the amount of duty paid by utilization of CENVAT credit in the preceding financial year, he shall file the said Annual Financial Information Statement electronically:"

(b) in rule 17, after sub-rule (3), following proviso shall be inserted, namely:-

"Provided that where an assessee has paid total duty of rupees ten lakh or more including the amount of duty paid by utilization of CENVAT credit in the preceding financial year, he shall submit the said monthly return electronically."

F.No. 201/20/2009-CX.6

Electronic Submission of Annual Financial Information Statement Must for Total Duty Paid of Rs. 10 Lac or more w.e.f 1 June 2010 – II

21-CE(NT) 18.05.2010 (DoR) In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944) and section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the CENVAT Credit Rules, 2004, namely:-

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

(2) They shall come into force on 1st June, 2010.

2. In the CENVAT Credit Rules, 2004,-

(a) in Rule 9, after sub-rule (8), the following proviso shall be inserted, namely:-

"Provided that the first stage dealer or second stage dealer, as the case may be, shall submit the said return electronically."

(b) in rule 9A,-

(i) in sub-rule (1), after the proviso, the following proviso shall be inserted, namely:-

"Provided further that where a manufacturer of final products has paid total duty of rupees ten lakh or more including the amount of duty paid by utilization of CENVAT credit in the preceding financial year, he shall file such declaration electronically."

(ii) in sub-rule (3), the following proviso shall be inserted, namely:-

"Provided that where a manufacturer of final products has paid total duty of rupees ten lakh or more including the amount of duty paid by utilization of CENVAT credit in the preceding financial year, he shall file the said monthly return electronically:"

[F.No.201/20/2009-CX 6]

Chewing Tobacco and Unmanufactured Tobacco Packing Machines Rules, 2010 - Amendments

22-CE(NT) 18.05.2010 (DoR) In exercise of the powers conferred by rule 18 of the Central Excise Rules, 2002 read with rule 14 of the Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010, the Central Government hereby grants rebate of duty paid on the excisable goods as specified in column (2) of the Table annexed hereto, on their exportation out of India on or after the 8th March, 2010, to any country except Nepal and Bhutan, to the extent specified in the corresponding entry in column (3) of the said Table, subject to the following conditions or limitations and fulfillment of the following procedures, namely:-

(i) the duty has been paid on the said excisable goods under section 3A of the Central Excise Act, 1944 (1 of 1944);

(ii) no rebate of duty paid on the materials used in such excisable goods shall be claimed;

(iii) the excisable goods shall be exported directly from a factory or a warehouse;

(iv) the excisable goods shall be exported within six months from the date on which they were cleared for export from the factory of manufacture or warehouse or within such extended period as the Commissioner of Central Excise may allow;

(v) the claim or the supplementary claim for rebate of duty, as the case may be, shall be lodged with the Assistant Commissioner or Deputy Commissioner of Central Excise having jurisdiction over the factory of manufacture or warehouse, together with the proof of due exportation, within the time limit specified in section 11B of the Central Excise Act, 1944 (1 of 1944);

(vi) the market price of the excisable goods at the time of exportation is, in the opinion of the Assistant Commissioner or Deputy Commissioner of Central Excise, not less than the amount of rebate of duty claimed;

(vii) the amount of rebate of duty admissible is not less than five hundred rupees;

(viii) if the excisable goods are not exported or the proof of export thereof is not furnished to the satisfaction of the Assistant Commissioner or Deputy Commissioner of Central Excise in the manner and within the prescribed time-limit, the said officer on an application being made by the exporter or otherwise, shall cancel the export documents;

(ix) the procedure as laid down vide notification No. 19/2004-C.E(NT) dated 6th September, 2004 shall be followed, *mutatis mutandis;*

(x) the exporter shall also indicate the number of pouches of excisable goods exported in the invoice, ARE 1 and any other document used for export.

Table

SNo	Description of goods	Extent of rebate
(1)	(2)	(3)
1.	Unmanufactured tobacco, bearing a brand name, falling under tariff heading 2401 and chewing tobacco falling under tariff item 2403 99 10 and on which duty of excise has been paid under section 3A of the Central Excise Act, 1944.	'monthly average rate of rebate per pouch' subject to a 'maximum amount of rebate per pouch'.

2. (a) For the purposes of this notification,- „*monthly average rate of rebate per pouch* means the rate of rebate calculated in the following manner, namely:-

$$\frac{D}{Q}$$

Where**,**

D= Total duty paid for a month for the packing machines used for manufacture of Chewing Tobacco or Unmanufactured Tobacco of the Retail Sale Price which has been exported

Q= Total quantity of pouches manufactured from said machines in the month

Explanation1.- For the removal of doubts, it is hereby clarified that for the purposes of calculating D and Q, all packing machines used for manufacture of goods of said Retail Sale Price which has been exported, shall be taken into account whether the goods manufactured from said machines have been cleared for export or for other clearances.

Explanation2.- Total duty paid for a month shall include the duty paid by utilisation of cenvat credit.

(b) '*maximum amount of rebate per pouch'* means the amount of rebate calculated in the following manner, namely:-

$$\frac{\text{“Duty payable per machine per month as provided in Notification No 16/2010 – CE dated 27th February, 2010}}{\text{Total number of pouches deemed to be produced per machine as per rule 5 of the said rules”.}}$$

[F.No.209/09/2008-CX.6]

No FDI for Cigars and Cigarettes Manufacturing

[Ref: Ministry of Commerce & Industry, Department of Industrial Policy & Promotion Press Note No. 2 dated 10th May 2010]

Subject: Review of the policy on foreign direct investment in the manufacture of Cigarettes etc.

1.0 The Present Position

The present policy of Government of India permits 100% Foreign Direct Investment (FDI) under Government route Le. with prior approval of Foreign Investment Promotion Board (FIPB) in the manufacture of Cigars & Cigarettes, subject to obtaining industriallicense under the Industries (Development & Regulation) Act, 1951.

2.0 Revised Position

The Government of India has reviewed the extant policy and it has been decided to prohibit FDI in manufacturing of 'Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes' (Code 24.02 of Indian Trade Classification which follows the Harmonized Commodity Description and Coding System) and to include the activity in the list of activities/ sectors prohibited for FDI.

3.0 Accordingly, the following amendments are made in the Consolidated FDI Policy issued vide Department of Industrial Policy & Promotion Circular 1 of 2010 dated March 31,2010.

3.1 Para 5.7 relating to Cigars & Cigarettes, stands deleted.

3.2 In paragraph 5.1, which lists the sectors where FDI is prohibited, a new entry below the entry (i) is inserted as follows:

"j) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes. "

4.0 The above decision will take immediate effect.

Power of Adjudication of Central Excise Officers

Subject: Power of adjudication of Central Excise Officers- instructions.

922-CBEC 18.05.2010 (DoR) Please refer to Circular No. 752/68/2003-CX dated 01.10.03 amended by Circular No. 865/3/2008 CX dated 19th February 2008 on the above subject. At present adjudication powers in Central Excise cases have been delegated upto the level of Assistant Commissioners only, and Superintendents are not vested with any authority to adjudicate cases. The Board has decided to confer the power of adjudication on Superintendents for cases involving duty upto Rs. 1 Lakh in a show cause notice, except in respect of issues involving rate of duty and valuation or where extended period of limitation has been involved. Accordingly, under the provisions of Section 11A and 33 of the Central Excise Act, 1944, the following further amendments are made to the Circular 752/68/2003-CX dated 1st October 2003, as amended.

I. In Part B of para 2.1 of the Circular, the following row shall be inserted:.

Central Excise Officers	Power of adjudication (Amount of duty involved)
Superintendents	Upto Rs. 1 Lakh *(excluding cases involving determination of rate of duty or valuation and cases involving extended period of limitation)*

II. Consequently, the monetary limits of adjudication for the Assistant Commissioner/Deputy Commissioner would stand revised/amended in the said tables as follows:

Central Excise Officers	Power of adjudication (Amount of duty involved)
Deputy/Assistant	Upto Rs. 5 Lakh *(except the cases where Superintendents are* Commissioners *empowered to adjudicate).*

III. After Para 4 of the said Circular, a new Para 4A shall be inserted as given below:

"4A Regarding the power of adjudication of cases given to Superintendents, the following aspects are clarified:

I. They would be eligible to decide cases involving duty and/or CENVAT credit upto Rs. 1 Lakh in individual SCNs.

II. They would not be eligible to decide cases which involve excisability of a product, classification, eligibility of exemption, valuation and cases involving suppression of facts, fraud etc..

III. They would be eligible to decide cases involving wrong availment of CENVAT credit upto a monetary limit of upto Rs. 1 Lakh.

IV. They would be eligible to decide Show Cause Notice proposing only imposition of penalty under Rule 26 and 27 of the Central Excise Rules, 2002 or Rule 15 and 15A of the CENVAT Credit Rules, 2004."

2. The jurisdictional Commissioners of Central Excise may redistribute the pending cases in the Commissionerate based on the above factors. It is further clarified that notwithstanding this revision, in all cases, where the personal hearing has already been completed, orders will be passed by the officer before whom the hearing has been held. Such orders should normally be issued within a month of the date of completion of the personal hearing.

3. It may also be noted that the age-wise pendency of cases as shown in MTR would be reflected based on the date of issuance of Show Cause Notice, and not on the basis of transfer of cases to the new Adjudicating Authority. The jurisdictional Commissioners should ensure that the work regarding re-allocation of pending cases, issuance of corrigendum to the Show Cause Notices, transfer of relevant files and records, etc., should be completed within a month. A compliance report in this regard should be sent by the Commissioner to the zonal Chief Commissioner, who in turn, should submit a report to the Board by 1.6.2010, certifying that all the work regarding re-allocation of cases has been completed.

4. Field formations and trade may be informed suitably.

F.No. 208/2/2009-CX-6

Export Credit of US $30 mn to Sierra Leone

Sub: Exim Bank's Line of Credit of USD 30 million to the Government of the Republic of Sierra Leone

AP(DIR Srs) Cir.53 18.05.2010 (RBI)

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated February 19, 2010 with the Government of the Republic of Sierra Leone making available to the latter, a Line of Credit (LOC) of USD 30 million (USD Thirty million) for financing eligible goods and services including machinery and equipment for the purpose of financing rehabilitation of six potable water projects which includes rehabilitation of existing facilities and addition of new infrastructure to supply potable water to Lungi International Airport, Kailahun District, White Water Community-Freetown, Allen Town Community-Freetown, Wellington-Freetown and Tender Hill Community –Freetown, and consultancy services from India. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from April 07, 2010 and date of execution of Agreement is February 19, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in case of project exports and 72 months (February 18, 2016) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by Reserve Bank from time to time.

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances of his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

6. 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.

Amendments in the First Schedule of Central Excise Tariff Act, 1985

23-CE(NT) 20.05.2010 (DoR)

In exercise of the powers conferred by sub-section (1) of section 5 of the Central Excise Tariff Act, 1985 (5 of 1986), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the First Schedule to the Central Excise Tariff Act, 1985, namely:-

In the said First Schedule,-

(1) In Chapter 29,-

(i) in heading 2920,-

(a) in sub-heading 2920 19, tariff item 2920 19 10 and the entries relating thereto shall be omitted;

(b) in sub-heading 2920 90, tariff items 2920 90 45 to 2920 90 48 and the entries relating thereto shall be omitted;

(c) in sub-heading 2920 90, tariff items 2920 90 51 to 2920 90 66 and the entries relating thereto shall be omitted;

(ii) in heading 2921, in sub-heading 2921 19,-

(a) after the entry " 2-Chloro N,N-Di-isopropyl ethylamine and Ethanamine,2-Chloro-N,N-dimethyl", following entry shall be inserted, namely:-

"N, N-Diethyl Amino ethyl Chloride Hydrochloride, Di-Methyl Amino ethylchloride Hydrochloride:";

(b) after tariff item 2921 19 11 and the entries relating thereto, the following tariff items and the entries shall be inserted, namely:-

"2921 19 12	----	N,N-Diethyl amino ethyl chloride hydrochloride	kg. 16%
2921 19 13	----	Di-methyl amino ethyl chloride hydrochloride	kg. 16%";

(iii) in heading 2922,

(a) in sub-heading 2922 11, the entries "2-Hydroxy N,N-Diisopropyl Ethylamine, N,N-Diethyl Amino ethyl Chloride Hydrochloride, Diethyl Amino ethanethiol hydrochloride, Dimethyl amino ethyl chloride Hydrochloride, Di-Methyl Amino ethanethiol, Di-Methyl Amino ethanethiol Hydrochloride" shall be omitted;

(b) in sub-heading 2922 11,for tariff items 2922 11 11 to 2922 11 16 and the entries relating thereto, the following tariff item and the entries shall be substituted, namely:-

"2922 11 10	----	Monoethanolamine	Kg. 16%";

(c) in sub-heading 2922 12, for tariff items 2922 12 11 and 2922 12 12 and the entries relating thereto, the following tariff item and entries shall be substituted, namely:-

"2922 12 10	----	Diethanolamine	Kg. 16%";

(d) for tariff item 2922 13 00 and the entries relating thereto, the following tariff items and the entries shall be substituted, namely:-

"2922 13	--	Triethanolamine and its salts	
2922 13 10	---	Triethanolamine	Kg. 16%
2922 13 90	---	Other	Kg. 16%";

(e) in sub-heading 2922 19, the entries 'Ethyldiethanolamine and Methyldiethanolamine' shall be omitted;

(f) in sub-heading 2922 19, tariff items 2922 19 10 to 2922 19 30 and the entries relating thereto, shall be omitted;

(g) in sub-heading 2922 19, for tariff item 2922 19 90 and the entries relating thereto, following tariff items and entries shall be substituted, namely:-

"2922 19 40	---	2-Hydroxy N,N-Di-isopropyl Ethylamine	Kg. 16%
2922 19 50	---	Ethyldiethanolamine	Kg. 16%
2922 19 60	---	Methyldiethanolamine	Kg. 16%
2922 19 90	---	Other	kg 16%";

(iv) in heading 2929, for tariff item 2929 90 00 and the entries relating thereto, the following tariff items and the entries shall be substituted, namely:-

	-	Other	
2929 90 10	---	N,N-Diethylphosphoramidic dichloride	Kg. 16%
2929 90 20	---	N,N-Diisopropylphosphoramidic dichloride	Kg. 16%
2929 90 30	---	N,N-Dipropylphosphoramidic dichloride	Kg. 16%
2929 90 40	---	N,N-Dimethylphosphoramidic dichloride	Kg. 16%
2929 90 50	---	Diethyl N,N-Dimethylphosphoramidate	Kg. 16%
2929 90 60	---	Phosphoramidic acid, diethyl, dimethylester	Kg. 16%
2929 90 90	---	Other	Kg. 16%";

(v) in heading 2930, in sub-heading 2930 90, after tariff item 2930 90 91 and the entries relating thereto, the following tariff items and the entries shall be inserted, namely:-

"2930 90 92	----	Di-Methyl Amino ethanethiol	Kg. 16%
2930 90 93	----	Di-Methyl Amino ethanethiol Hydrochloride	Kg. 16%
2930 90 94	----	Diethyl amino ethanethiol	Kg. 16%
2930 90 95	----	Di-ethyl Amino ethanethiol hydrochloride	Kg. 16%

2930 90 96	----	O-Ethyl S-phenyl ethylphosphono-thiolothionate (fonofos)	Kg.	16%
2930 90 97	----	Phosphorothioic acid, S[2 –(diethyl amino) ethyl] O, O-Diethyl ester	Kg.	16%";

(vi) in heading 2931, in sub-heading 2931 00, after tariff item 2931 00 30 and the entries relating thereto, the following tariff items and the entries shall be inserted, namely:-

"	---	*Phosphonic acid, Methyl - Phosphonic acid, Ethyl; Phosphonic acid, Propyl -; Phosphinic acid, Methyl :*		
2931 00 41	----	Phosphonic acid, Methyl-	Kg.	16%
2931 00 42	----	Phosphonic acid, Ethyl	Kg.	16%
2931 00 43	----	Phosphonic acid, Propyl-	Kg.	16%
2931 00 44	----	Phosphinic acid, Methyl-	kg	16%
	---	*Phosphonic acid, [methyl-(5-ethyl-2-methyl 2-oxido-1,3,2 – dioxaphos-phorinan-5-yl) methyl] ester; Phosphonic acid, [methyl- bis (5-ethyl-2-methyl 2-oxido- 1,3,2 – dioxaphosphorinan-5-yl) methyl] ester; Phosphonic acid, methyl-,dimethy-l ester; Phosphonic acid propyl dime-thyl ester; Phos-phonic acid ethyl-, diethyl ester; phos-phonochloridic acid methyl-, methyl ester; phosphonous acid-methyl diethyl ester :*		
2931 00 51	----	Phosphonic acid, [methyl-(5-ethyl-2-methyl 2-oxido-1,3,2 – dioxaphos-phorinan-5-yl) methyl] ester	Kg.	16%
2931 00 52	----	Phosphonic acid, [methyl-bis (5-ethyl-2-methyl 2-oxido- 1,3,2 – dioxaphosphorinan-5-yl) methyl] ester	kg	16%
2931 00 53	----	Phosphonic acid, methyl-,dimethyl ester	Kg.	16%
2931 00 54	----	Phosphonic acid propyl dimethyl ester	Kg.	16%
2931 00 55	----	Phosphonic acid ethyl-, diethyl ester	Kg.	16%
2931 00 56	----	phosphonochlo-ridic acid methyl-, methyl ester	Kg.	16%
2931 00 57	----	phosphonous acid- methyl diethyl ester	Kg.	16%
	---	*1 Propanaminium N,N,N trimethyl 3-[1- oxo-9-octa-decenyl) amino] - (Z)- methyl methyl phosphonate;O,O-Dimethyl methyl phosphonate :*		
2931 00 61	----	1 Propanaminium N,N,N trimethyl 3-[1- oxo-9-octa-decenyl) amino] - (Z)- methyl methyl phosphonate	Kg.	16%
2931 00 62	----	O,O- Dimethyl methyl phos-phonate	Kg.	16%
	---	*Phosphonothioic dichloride, ethyl-; Phosphonic dichloride, methyl-; Phosphonous dichloride, methyl- :*		16%
2931 00 71	----	Phosphonothioic dichloride, ethyl-	Kg.	16%
2931 00 72	----	phosphonic dichloride,methyl-	Kg	16%
2931 00 73	----	Phosphonous dichloride, methyl-	Kg	16%

(vii) in heading 2933, in sub-heading 2933 39, for tariff item 2933 39 30 and the entries relating thereto, the following tariff items and the entries shall be inserted, namely:-

"2933 39 30	---	1-Azabicyclo (2.2.2.) octan-3-ol or Quinuclidine-3-ol	Kg.	16%
2933 39 40	---	Benzene acetic acid, alpha - hydroxy-alpha-phenyl, 1-azabicyclo [2.2.2.]oct- 3-yl ester	Kg.	16%

(viii) in heading 2939, in sub-heading 2939 20, tariff item 2939 20 50 and the entries relating thereto, shall be omitted;

2. In Chapter 38,

in heading 3824, in sub-heading 3824 90, after tariff item 3824 90 37 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely:-

"3824 90 38	----	Phosphonic Acid, Methyl-compound with (aminoimino methyl) urea (1:1)	Kg.	16%

3. In Chapter 44,-

(i) in heading 4410, in sub-heading 4410 90, after tariff item 4410 90 30 and the entries relating thereto, the following tariff items and the entries shall be inserted, namely:-

"4410 90 40	---	Of Coir	Kg	16%
4410 90 50	---	Of jute fibre	Kg	16%";

(ii) in heading 4411, in sub-heading 4411 94, after tariff item 4411 94 21 and the entries relating thereto, the following tariff items and the entries shall be inserted, namely:-

"4411 94 22	----	Of Coir	Kg	16%
4411 94 23	----	Of jute fibre	Kg	16%";

4. In Chapter 50,

in heading 5007, for tariff item 5007 90 00 and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely:-

"5007 90	-	Other		
5007 90 10	---	Of Handloom woven	M^2	10%
5007 90 90	---	Other fabrics	M^2	10%";

5. In Chapter 51,

in heading 5112, in sub-heading 5112 90, after tariff item 5112 90 40 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely:-

"5112 90 50	----	Of Handloom	M^2	10% ";

6. In Chapter 52,-

(i) in heading 5208,-

(a) in sub-heading 5208 31, for tariff item 5208 31 20, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely:-

	---	Sarees		
"5208 31 21	----	Of Handloom	M^2	10%
5208 31 29	----	Other	M^2	10%";

(b) in sub-heading 5208 41, for tariff item 5208 41 20, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely:-

	---	Sarees		
"5208 41 21	----	Of Handloom	M^2	10%
5208 41 29	----	Other	M^2	10% ";

(c) in sub-heading 5208 49, for tariff item 5208 49 20, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely: -

	---	Real Madras handkerchiefs		
"5208 49 21	----	Of Handloom	M^2	10%
5208 49 29	----	Other	M^2	10%";

(d) in sub-heading 5208 59, after tariff item 5208 59 10, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5208 59 20	---	Sarees, Handloom	M^2	10%

(ii) in heading 5209, in sub-heading 5209 51, for tariff item 5209 51 10, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely: -

	---	Lungis		
"5209 51 11	----	Of Handloom	M^2	10%
5209 51 19	----	other	M^2	10%";

7. In Chapter 53,-

(i) in heading 5305,-

(a) in sub-heading 5305 00, for tariff items 5305 00 10 and 5305 00 20, and the entries relating thereto, the following tariff item and the entries shall be substituted, namely: -

"5305 00 10	---	Coir bristle fibre, coir mattress fibre, coir short fibre, coir bit fibre, decorticated coir fibre	Kg.	10%

(b) in sub-heading 5305 00, for tariff item 5305 00 40, and the entries relating thereto, the following tariff item and the entries shall be substituted, namely: -

"5305 00 40	---	Coir pith, processed in value added forms like briquette, coins, neo disc, grow bags, organic manure and in loose form for use in horticulture or agriculture.	Kg.	10%

(c) in heading 5308, in sub-heading 5308 10,after tariff item 5308 10 10 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5308 10 20	---	Spooled hanks	kg	Nil";

(d) in heading 5311, in sub-heading 5311 00, after tariff item 5311 00 14, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5311 00 15	----	Of coir including log form and geotextiles	m^2	10%";

8. In Chapter 56,

in heading 5602, for tariff item 5602 90 00, and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely: -

"5602 90	-	Other		
5602 90 10	---	Of Rubberised coir, needled felt.	Kg.	10%
5602 90 90	---	Other	Kg.	10%";

9. In Chapter 57,-

(i) in heading **5701**, in sub-heading 5701 90, after tariff item 5701 90 10 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely : -

"5701 90 20	---	Of coir including geo textile	m^2	10%";

(ii) in heading **5702**, in sub-heading 5702 42, after tariff item 5702 42 20 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5702 42 30	---	Carpets, rugs and mats of Handloom	m^2	10%";

(iii) in heading **5703**, in sub-heading 5703 90, after tariff item 5703 90 10 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5703 90 20	---	Carpets and floor coverings of Coir	m^2	10%";

(iv) in heading **5705**, in sub-heading 570500,

(a) after tariff item 5705 00 23, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5705 00 24	----	Cotton Durries of handloom (including Chindi Durries, Cotton Chenille Durries, Rag Rug Durrie, Printed Durries, Druggets)	m^2	10%";

(b) after tariff item 5705 00 41 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

5705 00 42	----	Mats and mattings including Bath Mats, where cotton predominates by weight, of Handloom, Cotton Rugs of Handloom	m^2	10%";

10. In Chapter 58,

in heading 5802, in sub-heading 5802 19, after tariff item 5802 19 40, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"5802 19 50	---	Of Handloom	m^2	10% ";

11. In Chapter 62,-

(i) in heading 6214, in sub-heading 6214 10, after tariff item 6214 10 20, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"6214 10 30	---	Of Handloom	u	10%";

(ii) in heading 6216, in sub-heading 6216 00, after tariff item 6216 00 10, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"6216 00 20	---	Of Handloom	pa	10%";

12. In Chapter 63,-

(i) in heading 6302,-

(a) for tariff item 6302 21 00, and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely: -

"6302 21	--	Of Cotton		
6302 21 10	---	Handloom	Kg.	10%
6302 21 90	---	Other	Kg.	10%";

(b) for tariff item 6302 51 00, and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely: -

"6302 51	--	Of Cotton		
6302 51 10	---	Handloom	Kg.	10%
6302 51 90	---	Other	Kg.	10%";

(c) for tariff item 6302 60 00, and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely: -

"6302 60	-	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics, of cotton		
6302 60 10	---	Handloom	Kg.	10%
6302 60 90	---	Other	Kg.	10%";

(d) for tariff item 6302 91 00, and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely: -

"6302 91	--	Of Cotton		
6302 91 10	---	Handloom	Kg.	10%
6302 91 90	---	Other	Kg.	10%";

(ii) In heading 6304,-

(a) in sub-heading 6304 19, after tariff item 6304 19 30, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"6304 19 40	---	Bed sheets and Bed covers of cotton, Handloom	u	10%";

(b) in sub-heading 6304 92, for tariff items 6304 92 10 to 6304 92 40, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely: -

"	---	Counterpanes		
6304 92 11	----	Of Handloom	u	10%
6304 92 19	----	Other	u	10%
	---	Napkins		
6304 92 21	----	Of Handloom	u	10%
6304 92 29	----	Other	u	10%
	---	Pillow cases and pillow slips		
6304 92 31	----	Of Handloom	u	10%
6304 92 39	----	Other	u	10%
	---	Table cloth and Table Covers		
6304 92 41	----	of Handloom	u	10%
6304 92 49	----	Other	u	10%";

(c) in sub-heading 6304 92, for tariff items 6304 92 80 and 6304 92 90, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely: -

"	---	Cushion covers		
6304 92 81	----	Of Handloom	u	10%
6304 92 89	----	Other	u	10%
	---	Other furnishing articles		
6304 92 91	----	Of Handloom	u	10%
6304 92 99	----	Other	u	10%";

(d) in sub-heading 6304 99, for tariff item 6304 99 90, and the entries relating thereto, the following tariff items and the entries shall be substituted, namely: -

"	---	Other		
6304 99 91	----	Of silk, Handloom	u	10%
6304 99 92	----	Of wool, Handloom	u	10%
6304 99 99	----	Other	u	10%";

(iii) in heading 6307, in sub-heading 6307 10, after tariff item 6307 10 20, and the entries relating thereto, the following tariff item and the entries shall be inserted, namely: -

"6307 10 30	---	Of Cotton, Handloom	Kg.	10%";

13. In Chapter 72,-

(i) in heading 7225, for tariff item 7225 19 00 and the entries relating thereto, the following sub-heading, tariff items, the entries shall be substituted, namely: -

"7225 19	--	Other		
7225 19 10	---	Hot rolled	kg.	16%
7225 19 20	---	Cold rolled	kg.	16%
7225 19 90	---	Other	kg.	16%";

(ii) in heading 7226, in sub-heading 7226 19, for tariff item 7226 19 00 , and the entries relating thereto, the following sub-heading, tariff items and the entries shall be substituted, namely: -

"7226 19	--	Other		
7226 19 10	---	Hot rolled	Kg.	16%
7226 19 20	---	Cold rolled	Kg.	16%
7226 19 90	---	Other	Kg.	16%";

14. In Chapter 84,

in heading 8443,in sub-heading 8443 99, for tariff items 8443 99 52 and the entries relating there to , the following tariff item and the entries shall be substituted , namely:-

"8443 99 52	----	Ink cartridges, without print head assembly.	u	16%
8443 99 53	---	Ink spray nozzle	u	16%";

15. In Chapter 94,

in heading 9404, in sub-heading 9404 29, after tariff item 9404 29 10, and the entries relating thereto, the following tariff items and the entries shall be inserted, namely: -

"9404 29 20	---	Of Rubberised coir with or without combination of other materials, whether or not with metallic springs.	u	16%";

16. This notification shall come into force on the date of its publication in the Gazette of India.

[F.No.4/2/2008-CX(1)]

Cont'd..120

Ozone Layer

HFCs, emitted in the production of chemicals for air conditioning and refrigeration, gained favor in the 1970s as an alternative to chlorofluorocarbons, or CFCs, which scientists linked to depletion of the ozone layer. While HFCs don't interfere with the earth's shield against damaging sunrays, they trap heat and contribute to global warming.

About half of the 408.8 million credits issued since October 2005 by the UN's Clean Development Mechanism, the second-largest emission markets, stem from plans to cut HFCs.

The projects are profitable because investors can get credits valued at hundreds of millions of euros after spending about $12 million to construct and $2 million a year to operate facilities that burn away HFCs before they escape into the atmosphere, according to World Bank estimates.

Customs Valuation Exchange Rates

May 2010		Imports	Exports	
Schedule I				
1	Australian Dollar	41.80	40.60	Rate of exchange of one unit of foreign currency equipment to Indian Rupees
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 100 units of foreign currency equivalent to Indian rupees

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

Commodity Spot Prices in India – 22-25 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 22-25 May.

(Rs.)

Commodity	Unit	Market	22-May	24-May	25-May
CER (Carbon Trading)	1 MT	Mumbai	728	728	744.5
Chana	100 KGS	Delhi	2171	2149	2124
Masur	100 KGS	Indore	3539	3503	3481
Potato	100 KGS	Agra	462	462.5	463.2
Potato TKR	100 KGS	Tarkeshwar	NA	NA	NA
Arecanut	100 KGS	Mangalore	7600	7585	7560
Cashewkern	1 KGS	Quilon	306	305	305
Cardamom	1 KGS	Vandanmedu	1443	1406.4	1405.9
Coffee ROB	100 KGS	Kushalnagar	60.5	61.9	62.7
Jeera	100 KGS	Unjha	12557	12637	12646
Pepper	100 KGS	Kochi	16616	16726	16698
Red Chili	100 KGS	Guntur	4759	4759	4759
Turmeric	100 KGS	Nzmbad	14825	15100	14994
Guar Gum	100 KGS	Jodhpur	5225	5250	5200
Maize	100 KGS	Nzmbad	912.5	919.5	927
Wheat	100 KGS	Delhi	1221.3	1215.8	1224.6
Mentha Oil	1 KGS	Chandausi	770.2	769.3	772.6
Cotton Seed	100 KGS	Akola	1149	1163	1178
Castorsd RJK	100 KGS	Rajkot	3171.5	3179.5	3183
Guar Seed	100 KGS	Jodhpur	2325	2381	2350
Soya Bean	100 KGS	Indore	1964.5	1967.5	1970
Mustrdsd JPR	20 KGS	Jaipur	500.45	506.5	510.2
Sesame Seed	100 KGS	Rajkot	5175	5200	5188
Coconut Oil Cake	100 KGS	Kochi	1170	1170	1170
RCBR Oil Cake	1 MT	Raipur	5921	5960	5970
Kapaskhali	50 KGS	Akola	975	1001.6	1005
Coconut Oil	100 KGS	Kochi	5252	5278	5278
Refsoy Oil	10 KGS	Indore	448	449.95	450.15
CPO	10 KGS	Kandla	376.7	379.4	378.3
Mustard Oil	10 KGS	Jaipur	463.4	467.7	471.7
Gnutoilexp	10 KGS	Rajkot	713.3	705	708.9
Castor Oil	10 KGS	Kandla	680	680	682
Crude Oil	1 BBL	Mumbai	3288	3288	3277
Furnace Oil	1000 KGS	Mumbai	29636	30759	29838
Sourcrd Oil	1 BBL	Mumbai	3671	3727.5	3736.5
Brent Crude	1 BBL	Mumbai	3342	3342	3273
Gur	40 KGS	Muzngr	1104.5	1108.5	1120.6
Sugars	100 KGS	Kolhapur	NA	2688	2704
Sugarm	100 KGS	Delhi	2999	2960	2978
Natural Gas	1 mmBtu	Hazirabad	189.4	189.4	187.5
Rubber	100 KGS	Kochi	16500	16964	16875
Cotton Long	1 Candy	Kadi	28390	28470	28530
Cotton Med	1 Maund	Abohar	2985	3010	3021
Jute	100 KGS	Kolkata	3399	3402.5	3402.5
Gold	10 GRMS	Ahmd	18030	18104	18418
Gold Guinea	8 GRMS	Ahmd	14424	14483	14734
Silver	1 KGS	Ahmd	28393	28618	28764
Sponge Iron	1 MT	Raipur	17735	17655	17830
Steel Flat	1000 KGS	Mumbai	34940	34750	34490
Steel Long	1 MT	Bhavnagar	26640	26670	26750
Copper	1 KGS	Mumbai	316.85	316.85	323.85
Nickel	1 KGS	Mumbai	994.2	1007.7	1002.2
Aluminium	1 KGS	Mumbai	93.45	93.75	93.85
Lead	1 KGS	Mumbai	80.85	83	81.7
Zinc	1 KGS	Mumbai	87.1	88.1	86.75
Tin	1 KGS	Mumbai	808.75	826.25	822.25

(Source: MCX Spot Prices)

WORLD TRADE SCANNER

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Tires and Chemicals

For example, Indian tyre and chemicals maker SRF Ltd. may get 32.6 million UN offsets through 2012 from its project to reduce HFC emissions at a facility in Rajasthan. Those credits would be worth 397 million euros at 18 May closing price of 12.19 euros for 2012 CER futures.

Investors in the project, which already received 16.5 million credits, include BNP Paribas SA, Barclays Plc, Climate Change Capital, EDF SA, Enel SpA and Goldman, the UN data show.

Those returns are in jeopardy as the EU considers restrictions on how UN offsets can be used in Europe's cap-and- trade program, the world's largest. The EU may force emitters to use two tons of HFC credits to get one ton of EU compliance after 2012, according to a draft of a European Commission paper circulated last month. EU leaders are set to consider the suggestions in June.

In other energy markets, a new plan for cutting U.S. greenhouse gases by creating a cap-and-trade system for carbon dioxide includes trading limits that will drive up costs, the International Emissions Trading Association said. The U.S. plan banned the use of HFC offsets.

'Evolution'

Too many UN emissions offsets are being awarded to HFC projects and other industrial gas systems, according to the EU draft. The overuse of those credits "hampers the evolution towards using the carbon market to incentivize cost effective reductions in other areas," the draft said.

There is currently no exchange-traded market for CERs beyond 2012. The ECX, the biggest bourse for carbon trading, may introduce post-2012 CERs with restrictions at an unspecified time, Patrick Birley, chief executive officer, said in an interview.

Doubts about the Clean Development Mechanism may extend for months or years. This November's global climate summit in Mexico may focus on the "architecture" for reducing global warming rather than a binding agreement, the UN said.

Breaking News

Obama to Revamp Drilling Rules as Demands Grow to Take On BP: President Barack Obama will announce new safety measures for offshore drilling tomorrow, as calls increase for him to exert more control over BP Plc's efforts to stop its oil spill in the Gulf of Mexico and repair the damage.

History Suggests New Wall Street Rules Won't Avert Next Crisis: It's been nearly 80 years since the U.S. government has reached as deeply into the financial markets as it will do when the regulatory overhaul being crafted in Congress becomes law.

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