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# WORLD TRADE SCANNER

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## BRICs Add \$60 bn Reserves as Zhou Derides Dollar

The BRICs are buying dollars at the fastest pace since before credit markets froze in September, protecting exports even as leaders of the biggest emerging markets consider alternatives to the U.S. currency.

Brazil, Russia, India and China increased foreign reserves by more than \$60 billion in May to limit currency gains as the first global recession since World War II restricted exports, data compiled by central banks and strategists show. Brazil bought the most dollars in a year, India's reserves gained the most since January 2008 and Russia added the most foreign exchange since July.

While Russian, Chinese and Brazilian leaders suggest substituting the dollar, the central bank purchases show just how dependant they remain on the world's reserve currency. Russia is proposing the BRICs consider creating a new unit of exchange when they meet in Yekaterinburg on June 16. China and Brazil said last month they may look at ways of dropping the dollar for trade between the two countries.

Brazil's real weakened 0.1 percent to 1.9633 per dollar in New York. The ruble depreciated 1.7 percent to 31.4016 against the U.S. currency, while the Indian rupee fell 1 percent to 47.57. The Chinese yuan's 12-month forward contract dropped 0.4 percent to 6.7315 per dollar, the steepest decline since March 27.

### Real's Rally

International reserve assets excluding gold held by the BRICs, an acronym coined by Goldman Sachs Group Inc. Chief Economist Jim O'Neill in 2001 for the biggest emerging markets, total \$2.8 trillion, a 7.8 percent increase from a year ago and 42 percent of the world's total, data compiled by a News agency show.

The real, ruble, and rupee strengthened and the Dollar Index posted its biggest decline in 24 years last month as signs the global recession may be easing spurred investors to seek higher-yielding alternatives to the U.S. currency. A net \$26.1 billion has flowed into emerging-market

equity funds this year, EPFR Global, which tracks \$11 trillion worldwide, said June 4.

The real rallied 11.2 percent last month, the ruble gained 6.9 percent and the rupee 6.4 percent. The yuan appreciated 21 percent between July 2005, when the government allowed it to trade, and July 2008. China has prevented the currency from strengthening since then as the economy slowed.

### Currency Alternatives

The Dollar Index, which tracks the greenback against the euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona, lost 6.4 percent last month, the biggest decline since March 1985. It rose 0.3 percent on 8 June.

Russian President Dmitry Medvedev proposed on June 5 that nations use a mix of regional reserve currencies to reduce reliance on the dollar. The subject may be on the agenda when he meets his counterparts in the Ural Mountains city of Yekaterinburg, the Kremlin said this month.

China's central bank Governor Zhou Xiaochuan suggested using the International Monetary Fund unit of account, known as special drawing rights, as an alternative in March. His Indian counterpart Duvvuri Subbarao hasn't commented on that plan. IMF First Deputy Managing Director John Lipsky said on June 6 it's possible to take such a "revolutionary" step over time.

Last month, China, the biggest importer of soybeans and iron-ore, and Brazil, whose main exports include soy, metals and petroleum, began studying a proposal to move away from the dollar and use yuan and reals instead.

### Dollar 'Discontent'

Brazil, the only country to break down its dollar purchases, acquired \$2.8 billion of the greenback in May, Russia bought at least \$17 billion of foreign currencies, while India's reserves rose by \$10.6 billion, central bank data show. China may have purchased \$30 billion in foreign exchange last month, Hong Kong-based research company SJS Markets Ltd. estimates.

**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
9-Jun-09	47.8475	47.8725	47.4725	47.6075	47.6075	264887	724252	345101.8	47.5900
8-Jun-09	47.3125	47.8275	47.3100	47.7075	47.7075	255787	640092	304511.9	47.3800
5-Jun-09	47.1900	47.2950	47.1000	47.2150	47.2150	286567	432410	204086.4	47.0800
4-Jun-09	47.3200	47.4150	47.1550	47.2600	47.2600	296627	579633	274089.9	47.1600
3-Jun-09	47.0000	47.1825	46.8600	47.0825	47.0825	276423	701156	329599.1	46.8400

[Source: NSE and RBI Website]

At the end of 2008 the dollar accounted for 64 percent of central bank reserves, up from 62.8 percent in June 2008, according to the IMF in Washington. The currency has underpinned exchange rates since the 1971 collapse of the Bretton Woods system, which linked their value to gold.

### Rising Holdings

Federal Reserve holdings of Treasuries on behalf of central banks and institutions rose by \$68.8 billion, or 3.3 percent, in May, the third most on record. About 51 percent of the \$6.36 trillion in marketable Treasuries are held outside America, up from 35 percent in 2000. China is the biggest foreign owner of Treasuries, increasing its holdings to \$768 billion as of March from \$60 billion in 2000.

A steeper dollar decline would hurt BRIC exports, devalue their reserves and worsen the global credit crisis, said Mitul Kotecha, head of global foreign-exchange strategy in Hong Kong at Calyon, the investment banking arm of Credit Agricole SA.

Investors abandoned emerging markets after the September bankruptcy of Lehman Brothers Holdings Inc. eliminated demand for all by the safest, most easily traded assets, such as Treasuries. The MSCI EM Index tumbled 54.5 percent last year.

A shortage of the U.S. currency forced central banks to pump reserves into their economies. The Dollar Index rose 18 percent between June 30 and March 31.

### Reserves Reversal

Asian central banks, excluding China, ran down foreign-exchange reserves by more than \$300 billion in the 12 months ended April 30, according to London-based HSBC Holdings Plc. Russia's slid by \$213 billion in the eight months ended March 31, central bank data show. Brazil's reserves dropped \$5.7 billion in the six months ended Feb. 27.

Emerging-market central banks are buying dollars as stronger currencies threaten exports while the global economy contracts.

The IMF estimates the world's gross domestic product will shrink 1.3 percent this year. Trade worldwide will plunge 9 percent, the most since World War II, the World Trade Organization said in March.

Brazil's \$1.3 trillion economy, Latin America's largest, may drop 0.73 percent in 2009, the biggest contraction in 19 years, according to the median forecast in a May 29 central bank survey. Russia's economy will contract at least 6 percent, Medvedev said this month. China's exports, which account for 60 percent of its GDP, slumped 22.6 percent in April from a year earlier, according to the government.

### Yen Gains Most in Two Weeks against Euro as Asian Stocks Slide

The yen gained the most in two weeks against the euro and advanced versus the dollar as declines in Asian stocks spurred demand for the safety of Japan's currency.

The yen also rose against all 16 of the most-active currencies after the Wall Street Journal reported the Obama administration wants Europeans to put their banks through more rigorous stress tests, raising concern about the strength of the banking system in the 16-nation region. The dollar gained for a third day versus the euro as traders added to bets the Federal Reserve will raise interest rates this year. South Korea's won fell on concern tension with North Korea will deter investors.

The yen climbed to 135.80 per euro from 136.89 in New York on 8 June, the biggest gain since May 27. It has still fallen 8.2 percent in the past three months. Japan's currency rose to 98.16 per dollar from 98.49. The dollar gained to \$1.3861 per euro from \$1.3900 on 8 June when it advanced to \$1.3806, the strongest level since May 28.

### European Banks

U.S. Treasury Secretary Timothy Geithner is likely to discuss stress tests for European banks at a meeting of finance ministers from the Group of Eight nations in Italy this week, the WSJ said. Standard & Poor's on 8 June cut Ireland's credit rating for the second time this year, citing the nation's rising bill for propping

up its banks. S&P lowered the rating to AA from AA+.

The dollar advanced versus the euro as traders added to bets the Federal Reserve will increase its target lending rate by the end of the year as the world's largest economy recovers. Nobel Prize-winning economist Paul Krugman said on 8 June the U.S. economy will emerge from recession by September, supporting the appeal of the greenback.

Traders see a 62 percent chance the Fed will raise its target rate by its November meeting, based on futures on the Chicago Board of Trade. The odds were 26 percent a week ago before the Labor Department said June 5 that U.S. payrolls fell by 345,000 last month, the smallest decrease in eight months.

Sales at U.S. retailers increased in May for the first time in three months as demand for cars picked up, according to a News survey before the government report on June 11. Retail sales climbed 0.5 percent, according to the survey

### Dollar Index

The Dollar Index, used by the ICE to track the greenback against the euro, yen, pound, Swiss franc, Canadian dollar and Swedish krona, climbed 0.2 percent to 80.963 after on 8 June rising to the highest level since May 20. The index has risen 3.4 percent from this year's low of 78.334 on June 2.

### China Raises Export Tax Rebates on Aluminum Foil to 15 Percent

China, the world's largest producer of aluminum, increased tax rebates on exports of metal foil in a wider effort to help companies weather a slump in overseas shipments and sustain growth.

Rebates on some foil products were raised to 15 percent, the Chinese Ministry of Finance said in a statement on its Web site, without providing previous levels. The higher rates took effect from June 1. The country restored rebates on aluminum plates and strips in November.

Export tax rebates were also raised on some steel products, machinery, electronics and toys, according to a statement posted on the ministry's Web site on 7 June.

The government has raised rebates, increased state reserve purchases of metals and agricultural commodities and announced aid for industries including steel and textiles to meet its 8 percent growth target as the deepest recession since World War II weakens global demand.

### China's Ports Unloaded 25% More Iron Ore in May than Year Before

China's ports unloaded 55.5 million tonnes of iron ore in May, 25 percent more than in the same month a year earlier, according to a statement posted on the China Ministry of Transport's Web site.

The iron-ore stockpile at China's major ports exceeds 60 million tonnes, the ministry said on 8 June.

### EU-South Korea Trade Talks Stumble on 'Duty Drawback'

Leaders of the European Union and South Korea fell short of finalising a free trade agreement at the parties' Fourth Summit Meeting on 23 May in Seoul, primarily due to concern among EU member states about the deal's ramifications for its stressed auto industry.

Discussion on that front has centred on a 'duty drawback' provision that would grant Korean manufacturers reimbursement for duties they pay on cheap imported auto components when the cars produced from those products are exported to the EU. The EU has not allowed duty drawback provisions in its past free trade agreements.

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## WTO Confirms 7<sup>th</sup> Ministerial Meeting for 30 Nov – 2 Dec at Geneva

The WTO will hold its seventh ministerial conference at the organisation's headquarters in Geneva later this year, the organisation's General Council agreed last week. The summit will focus on the organisation's regular work, not the Doha Round trade talks, WTO officials have stressed.

The theme of this year's meeting will be "the WTO, the Multilateral Trading System and the Current Global Economic Environment."

The announcement of the ministerial, which had been widely anticipated, came at last week's meeting of the WTO's General Council.

WTO rules call for a ministerial conference once every two years, but three and a half years have passed since the most recent such meet-

ing was held in Hong Kong in December 2005. Other ministerials have been held in Cancun (2003), Doha (2001), Seattle (1999), Geneva (1998) and Singapore (1996).

But the next ministerial will have a different focus than past gatherings. Unlike previous summits, this year's ministerial will centre on the WTO's 'regular work', not the Doha Round trade negotiations, Lamy told delegates last month.

"We should de-dramatise ministerial meetings, make them a more regular exercise, where WTO activities are reviewed across the board," the director-general said. "A regular ministerial meeting is one thing; ministerial involvement in negotiations is another. We should not confuse the two."

## WIPO Copyright Body Takes up Limitations and Exceptions, with a Focus on the Visually Impaired

The recently concluded meeting of WIPO's Standing Committee on Copyright and Related Rights (SCCR), 25-29 May, took up issues such as a new treaty for blind and visually impaired persons, in addition to its ongoing work on limitations and exceptions as well as on the protection of audio-visual performances and of broadcasting organisations.

Brazil, Ecuador and Paraguay tabled a draft treaty on limitations and exceptions for the blind and visually impaired. It is the first time, in recent years, that a group of countries has proposed a treaty at WIPO that, rather than expanding the scope of intellectual property protection, seeks to strengthen the rights of users and consumers—in this case, the blind and visually impaired. After intense discussions, it was agreed that the proposal from Brazil, Ecuador and Paraguay, together with proposals made by other countries, will be discussed at the next session of the Committee.

Access by the blind and the visually impaired to works protected by copyright has been a long-standing issue on the international copyright agenda. As early as 1982, WIPO and the UN Educational, Scientific and Cultural Organisation set up a working group to examine the matter.

According to its proponents, the treaty is urgently needed to provide a minimum standard for limitations and exceptions for the blind and the visually impaired as well as to allow and encourage the export and import of works published in accessible formats. They pointed out that in developed countries less than 5 percent of published books are accessible to persons who are blind or visually impaired, and access in developing countries is often even more limited.

Developing countries and non-governmental organisations widely supported the discussion of the proposed treaty. Brazil, in introducing it, emphasised that it represented an example of norm-setting in the field of limitations and exceptions to copyrights for persons with disabilities, for libraries and archives, for educational activities and for fostering technological innovations.

African countries emphasised during the dis-

cussions that the proposed treaty should be considered as just one part of a more global and inclusive framework that would also include limitations and exceptions for education, research and libraries. Ultimately, the Committee reaffirmed its commitment to work "without delay" on the basis of "a global and inclusive approach."

Developed countries, including the United States, European countries, Canada and Australia, recognised the problems faced by the blind and the visually impaired in accessing copyrighted works and indicated their readiness to find effective and practical solutions to complex problems. However, they were more circumspect about the proposed treaty. They indicated that deliberations on such an instrument would be premature. Some of them argued for the need to examine other measures at the national and regional levels to address the access problems raised.

Publishers' organisations were concerned about treaty provisions relating to the cross-border distribution of accessible works that would be created under copyright limitations and exceptions.

In addition, they pointed to the importance of the work carried out in the context of WIPO's Stakeholders Platform which has met twice in January and April 2009. These meetings brought together major stakeholders, including representatives of copyright holders and reading impaired persons, to explore the specific needs, concerns, and possible approaches to facilitating access to works in formats suitable for people with reading impairment.

The Committee welcomed the Platform Interim Report and encouraged the WIPO Secretariat to continue the work of the Platform. The WBU and other treaty proponents consider the work the Platform is doing on technological tools and standards important and necessary but complementary to efforts to conclude a treaty and not a substitute for it. The Committee requested the Secretariat to make its best efforts to organise a meeting of the platform in developing countries.

## India Appoints New Trade Minister; Meeting with USTR Set for the Weekend

**A**nand Sharma has been appointed India's new trade minister, New Delhi announced last week, making him the country's point person in the Doha Round of trade talks at the WTO. Kamal Nath, who served as India's trade minister from May 2004 until last month, will now serve as minister of road transport and highways.

The 56-year-old Sharma is known as an articulate speaker and a loyal member of India's ruling Congress Party. A lawyer by training, he has also served as a spokesman for the Congress Party, as minister of state for external affairs, and as minister of state for information and broadcasting.

Sharma is reportedly a close associate of India's Prime Minister Manmohan Singh, whose Congress Party retained its control of the government in national elections held in April and May. The new Minister of Commerce and Industry is expected to follow his Prime Minister's lead, especially given that he has little experience on trade matters.

The world trade community has awaited this announcement for some time. The collapse of the most recent high-level talks at the WTO was largely attributed to a clash between India and the United States over the details of an agricultural safeguard mechanism. Since that stand-off, which took place in Geneva in July of last year, both countries have appointed new trade ministers. The two men are set to meet in person for the first time over the weekend.

Sharma and Kirk will meet in person on the sidelines of a summit of the Cairns group of agricultural-exporting countries that is set to take place in Bali on 6-7 June. Neither India nor the United States is a member of the 19-nation group, but the two countries, along with the EU, China and Japan, are expected to send trade delegations to the meeting. WTO Director-General Pascal Lamy will also be in Bali for the summit.

## Exceptions and limitations in general

Apart from the proposed treaty for the blind and visually impaired, it is expected that the Committee's next session will examine a study on limitations and exceptions for the benefit of educational activities, including distance education and the trans-border aspect thereof, in particular for developing and least developed countries. Countries were also invited to comment on a draft questionnaire on limitations and exceptions which would be addressed to all WIPO member states with a view of its final approval at the Committee's next session.

Many of these activities result from a March 2008 proposal made by a number of developing countries - Brazil, Chile, Nicaragua and Uruguay - that advanced the need to undertake further work on limitations and exceptions in the context of the Copyright Committee.

## Audiovisual performances and broadcasting organisations

Despite the little progress that was made in overcoming differences on the protection of audio-visual performances and of broadcasting organisations, these issues will remain on the Committee's agenda for its next session.

In relation to audiovisual performances, Member States requested the Secretariat to prepare a background document on the main questions and positions as well as to organise in Geneva, informal, open-ended consultations on

## US Export Subsidies Condemned by Developing Countries, Exporters

The recent reintroduction of export subsidies on US dairy products has prompted a stinging response from developing countries and exporting countries at the WTO. The Cairns Group of agricultural exporters and the G-20 developing country group both issued statements last week condemning the move, which they said could harm producers and traders at a time of economic crisis.

The subsidies send a "wrong message to the world," the Cairns Group declared, denouncing what they described as a "backwards step" on the part of the US. The G-20 said the move was "a worrisome sign" that could hurt "unsubsidised farmers in the developing world."

In a 22 May statement, US Agriculture Secretary Tom Vilsack singled out "the reintroduction of direct export subsidies by the European Union earlier this year" as a justification for the support payments, which will be made under the Dairy Export Incentive Programme (DEIP) of the US Department of Agriculture. The EU introduced support for some dairy products, as well as frozen poultry and eggs, at the start of the year.

While Vilsack emphasised that the subsidies were "fully consistent with our WTO commitments," the G-20 also warned against the rise of what they described as 'murky protectionism' - "not directly violating WTO obligations and yet potentially weakening the WTO system at a time of economic crisis." The Cairns Group bluntly declared that whether the subsidies complied with WTO rules was "not the point": raising tariffs, domestic support and export subsidies

## EU Looks to Extend Import Duties on US Biodiesel

The European Commission submitted a proposal on Thursday to extend for up to five years the temporary tariffs that it imposed on imports of US biodiesel in March. A decision on the matter should come later this month.

The anti-dumping and anti-subsidy tariffs are meant to counteract the effects of the payments and other forms of support that Washington offers its domestic biodiesel producers. European makers of the biofuel argue that the US subsidies have triggered an influx of under-priced American imports that has pushed them out of their own market.

After a formal request from the European Biodiesel Board in 2008, the Commission

possible solutions to the current deadlock.

In relation to broadcasting organisations, the Secretariat will commission a study on the socio-economic dimension of the unauthorised use of signals, including the impact of the lack of access on the one hand and the need for an effective protection of broadcasters on the other hand. Upon the request of member states or regional groups, the Secretariat will organise regional and national seminars on the objectives, specific scope and object of protection of a possible draft treaty.

towards their maximum levels "would undermine the effectiveness and credibility of the WTO system," the group said.

According to the US statement, the DEIP allocations will include 68,201 metric tons of nonfat dry milk, 21,097 metric tons of butterfat, 3,030 metric tons of various cheeses and 34 metric tons of other dairy products.

### New blow for the Doha Round

The export subsidy announcement was seen by Geneva-based negotiators as another blow for the faltering Doha Round of trade talks, which have been battered by repeated setbacks since its launch in the Qatari capital in 2001. Confidence in the negotiations is once again at a low after discussions broke down last July, despite consensus apparently emerging on a raft of controversial questions.

The Cairns Group emphasised that the US and EU, along with other Members, have agreed "to completely eliminate export subsidies by 2013 as part of an overall trade deal." However, some observers warn that this commitment might only be respected if an accord can be drawn up across all areas in the talks.

While delegates remained largely pessimistic about the chances of an early breakthrough on a Doha Round deal, some hoped that the upcoming meeting of trade ministers from the Cairns Group in Bali, Indonesia, could help spark progress in the troubled talks. In addition to ministers from the grouping, US Trade Representative Ron Kirk is also expected to attend.

launched an investigation into the US subsidies. The results of that study prompted the imposition of the temporary duties in March, a move that drew broad support from European governments

Since then, the Commission has conducted a second probe into Washington's biodiesel subsidies. Those findings resulted in an increase in tariffs against some firms, but a decrease for the companies that cooperated with the investigation.

If European ministers endorse the extension of the duties next month, the measures would take effect as soon as they have been translated and published in the Official Journal of the EU.

## India Committed to Successful Conclusion of Doha Process: Anand Sharma

In his special address to the Cairns group, in Bali on 8 June, Anand Sharma, Union Minister of Commerce and Industry has reiterated the Indian commitment to the successful conclusion of the Doha process through a constructive engagement. While emphasising on the need for resumption of negotiations based on the draft reports on Agriculture and NAMA, the Minister stated that the 'development dimension' of the Doha round must be central to all discussions and the aspirations of all developing countries for a fair trading regime must be recognized.

Cairns group is a unique coalition of 19 agricultural exporting countries promoting free trade in agriculture. These include US, Canada, Brazil, Japan, EU, South Africa, Indonesia among other countries.

During the meeting, Anand Sharma also had discussions with Ron Kirk, the US Trade representative. This is the first time that the Indian Commerce Minister has had a substantive ministerial engagement with the US in the Obama administration. The two ministers agreed to take forward the multilateral negotiations and to review the US-India bilateral engagement during the visit of Mr. Sharma to Washington later this month.

That process usually takes between four and six weeks.

The move was warmly welcomed by the European biodiesel producers, who have been struggling to cover their costs in an increasingly tough market.

Under the proposed duties, biodiesel produced by US agricultural conglomerate Archer Daniels Midland would be slapped with a duty of •359 per metric ton, a jump from the •261 tariff that was imposed in March. Cargill products, on the other hand, would get a slight reprieve with tariffs on its biodiesel sliding to •214 per metric ton, •61 lower than the duty now in place. The 50-odd firms that cooperated with EU's inquiry will face tariffs of •335 per metric ton, slightly less than the •409 duty that all other companies will encounter.

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Highly influential European auto manufacturers have expressed concern about the provision. The EU auto industry directly employs 2.3 million workers and generates jobs for 10 million workers in related sectors.

EU negotiators worry that the duty drawback question will prompt Korean officials to put the European agreement on hold while they discuss a separate bilateral free trade deal with the US this month. Seoul had hoped to finalise its EU deal before the end of the Czech EU Presidency on 30 June. But in light of the auto industry conflict, the free trade agreement will likely not be signed before the end of the year.

**India-MERCOSUR Customs Tariff (Determination of Origin of Goods under the Preferential Trade Agreement) Rules, 2009**

- Rule 1. Short title and commencement
- Rule 2. Definitions
- Rule 3. General requirements
- Rule 4. Cumulation of origin
- Rule 5. Wholly produced or obtained products
- Rule 6. Not wholly produced or obtained products
- Rule 7. Processes or operations considered as insufficient to confer originating status
- Rule 8. Accessories, spare parts and tools
- Rule 9. Fungible Materials
- Rule 10. Sets
- Rule 11. Packages and packing materials for retail sale
- Rule 12. Containers and packing materials for transport
- Rule 13. Neutral elements or indirect materials
- Rule 14. Direct transport, Transit and Trans-shipment
- Rule 15. Origin Certification
- Rule 16. Operations carried out by third operators
- Rule 17. Issue of Origin Certificates
- Rule 18. Presentation of an Origin Certificate
- Rule 19-23 Competent Authorities
- Rule 24. Investigation Proceedings
- Rule 25-27 Documentation
- Rule 28. Investigation Period
- Rule 29-30 Investigation Process
- Rule 31. Investigation Concludes
- Rule 32. Investigation Established
- Rule 33. Competition
- Rule 34. Proceedings of Verification
- Rule 35. Receipt of the Communication
- Rule 36. Time Periods
- Rule 37. Special Economic Zones

56-Cus(NT) In exercise of the powers conferred by sub-section (1) of section 5 of the Customs Tariff Act, 1975 (51 of 1975), the

30.05.2009 (DoR) Central Government hereby makes the following rules, namely:-

**Rule 1. Short title and commencement**

(1) These rules may be called the Customs Tariff (Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of MERCOSUR Member States comprising the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Republica Oriental del Uruguay and the Republic of India) Rules, 2009 (hereinafter referred as the "Rules").

(2) They shall come into force on the 1<sup>st</sup> day of June 2009

**General Provisions**

**Rule 2. Definitions**

For the purpose of these Rules:

(a) "chapters", "headings" and "subheadings" mean the chapters, the headings and the subheadings (two, four and six digit codes respectively) used in the nomenclature which makes up the Harmonized System or HS;

(b) "CIF price" means the price paid to the exporter for the product when the goods pass the ship's rail at the port of importation. The

exporter pays the costs and freight necessary to deliver the goods to the named port of destination;

(c) "classification" refers to the classification of a product or material under a particular sub-heading of the HS at 6 digit level and of the respective national tariff schedules of the Signatory Parties at the 8 digit level.

(d) "customs value" means the value as determined in accordance with the Article VII and the Agreement on Implementation of Article VII of GATT 1994 (WTO Agreement on Customs Valuation);

(e) "FOB price" means the price paid to the exporter for the product when the goods pass the ship's rail at the named port of shipment, thereafter, the importer assumes all the costs including the necessary expenses to the shipment;

(f) "goods" means both materials and products

(g) "Harmonized System" means the nomenclature which makes up the Harmonized Commodity Description and Coding System including the chapters and the corresponding number codes, section notes and chapter notes, as well as the General Rules for their interpretation;

(h) "manufacture" means any kind of working or processing including assembly or specific operations;

(i) "material" means raw materials, ingredients, parts, components, subassembly and/or goods that are physically incorporated into another good or are subject to a process in the production of another good;

(j) "product" means the product being manufactured, even if it is intended for later use in another manufacturing operation;

(k) The "territory of India" means the territory of the Republic of India including its territorial waters and the air space above its territorial waters and the other maritime zones including the Exclusive Economic Zone and Continental Shelf over which Republic of India has sovereignty, sovereign rights or exclusive jurisdiction in accordance with its laws in force, the 1982 United Nations Convention on the Law of the Sea and international law.

The "territory of the Member States of MERCOSUR" means the respective territories of the Member States of MERCOSUR, including their respective territorial seas and the air space above, and other maritime zones, including the Exclusive Economic Zones and Continental Shelves over which they respectively have sovereignty, sovereign rights or exclusive jurisdiction in accordance with their respective laws in force, the 1982 United Nations Convention on the Law of the Sea and international law.

(l) "value of originating materials" means the value of such materials on the basis of FOB value.

**Section II – Criteria for Originating Goods**

**Rule 3. General requirements**

For the purpose of implementing the Preferential Trade Agreement between the Governments of MERCOSUR Member States comprising the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Republica Oriental del Uruguay and the Republic of India (hereinafter referred as the "Agreement"), the following goods shall be considered as originating from a Signatory Party:

(a) The goods wholly produced or obtained in the territory of the Signatory Party as defined in Rule 5 of these Rules;

(b) The goods not wholly produced in the territory of the Signatory Party, provided that the said products are eligible under Rule 4 or Rule 6 read with Rule 7 of these Rules.

2. The provisions of paragraph 1 above excludes used or second hand goods.

**Rule 4. Cumulation of origin**

Goods originating in any of the Signatory Party when used as an input for a finished product in another Signatory Party, shall be considered originating in the latter.

**Rule 5. Wholly produced or obtained products**

The following shall be considered as wholly produced or obtained in the territory of any of the Signatory Party:

(a) mineral products extracted from the soil or subsoil of any of the Signatory Parties, includ-

ing its territorial seas, continental shelf or exclusive economic zone;

(b) plants [1] and plant products grown, harvested, picked or gathered there including in its territorial seas, continental shelf or exclusive economic zone;

(c) live animals [2] born and raised there, including by aquaculture;

(d) products from live animals as in (c) above;

(e) animals and products thereof obtained by hunting, trapping, collecting, fishing and capturing there; including in its territorial seas, continental shelf or in the exclusive economic zone;

(f) waste and scrap resulting from utilization, consuming or manufacturing operations conducted in the territory of any of the Parties, provided they are fit only for the recovery of raw materials

(g) products obtained from the seabed and subsoil beyond the limits of national jurisdiction are considered to be :

(i) wholly obtained in the State that has exploitation rights granted by the International Seabed Authority.

(ii) wholly obtained in the sponsoring State of a natural or juridical person that has exploitation rights, granted by the International Seabed Authority.

(h) goods produced in any of the Parties exclusively from the products specified in subparagraphs (a) to (g) above.

[1] Plant refers to all plant life ,including forestry products, fruits, flowers, vegetables,

trees, sea weeds and fungi.

[2] Animals referred to in paragraph (c), (d) and (e) covers all animal life, including mammals, birds, fish, crustaceans, molluscs and reptiles.

### Rule 6. Not wholly produced or obtained products

1. For the purpose of Rule 3(1) (b) the products are considered to be originating when the CIF value of all non – originating materials from countries other than the Signatory Parties and/ or of undetermined origin used in its manufacture does not exceed 40% of the FOB value of the final product and the final process of manufacture is performed within the territory of the exporting Signatory Party subject to fulfillment of the provisions of Rule 7.

2. For the purposes of determining the CIF value of non – originating materials for countries without a coastline, the first seaport or inland waterway port located in any of the other Signatory Parties, through which those non – originating materials have been imported shall be considered as port of destination.

3. The value of the non-originating materials, parts or produce shall be:

i) The CIF value at the time of importation of the products where this can be proven; or

ii) The earliest ascertained price paid for the products of undetermined origin in the territory of the Signatory Party where the working or processing takes place:

4. The formula for 60% value added is as follows:

$$\frac{\text{CIF Value of imported Non-originating materials, Parts or Produce} + \text{CIF Value of Undetermined Origin Materials, Parts or Produce}}{\text{FOB price}} \times 100\% < 40\%$$

### Rule 7. Processes or operations considered as insufficient to confer originating status

In the case of the products which have non-originating materials, the following operations, inter alia, shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Rule 6 are satisfied:

(a) preserving operations to ensure that the products remain in good condition during transport and storage such as aeration, drying, refrigeration, immersion in salty or sulphured water or in water added with other substances, extraction of damaged parts and similar operations;

(b) Dilution in water or in any other substance which does not substantially alter the product characteristics;

(c) Simple operations such as removal of dust, sifting, screening, sorting, classifying, grading, matching, washing, painting, husking, stoning of seeds, slicing and cutting;

(d) simple change of package and breaking-up and assembly of packages;

(e) simple packing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;

(f) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;

(g) simple cleaning, including removal of oxide, oil, paint or other coverings;

(h) simple assembly of parts to constitute a complete article or disassembly of products into parts, in accordance with General Rule 2a of the Harmonised System;

(i) slaughter of animals;

(j) simple mixing of products, provided the characteristics of the obtained product are not essentially different from those of the mixed products;

(k) oil application;

(l) a combination of two or more of the above operations.

### Rule 8. Accessories, spare parts and tools

1. Accessories, spare parts or tools delivered with the good that form part of the good's standard accessories, spare parts, or tools, shall be considered as originating if the good originates and shall be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable

change in tariff classification, provided that:

a) the accessories, spare parts or tools are not invoiced separately from the good, notwithstanding they are detailed separately in the invoice;

b) the quantities and value of the accessories, spare parts or tools are customary for the good.

2. Each Signatory Party shall provide that if a good is subject to a value added requirement, the value of accessories, spare parts, or tools shall be taken into account as originating or non-originating materials, as the case may be, in calculating the value added.

### Rule 9. Fungible Materials

1. For the purpose of establishing if a product is originating when in its manufacture are utilized originating and non-originating fungible materials, mixed or physically combined, the origin of such materials can be determined by any of the inventory management methods applicable in the Signatory Party.

2. Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the customs authorities may, at the written request of those concerned, authorise the "accounting segregation" method to be used for managing such stocks.

3. This method must be able to ensure that the number of products obtained which could be considered as "originating" is the same as that which would have been obtained if there had been physical segregation of the stocks.

4. The customs authorities may grant such authorisation, subject to any conditions deemed appropriate.

5. This method is recorded and applied on the basis of the general accounting principles applicable in the country where the product was manufactured.

6. The beneficiary of this facilitation may issue or apply for proofs of origin, as the case may be, for the quantity of products which may be considered as originating. At the request of the customs authorities, the beneficiary shall provide a statement of how the quantities have been managed.

7. The customs authorities shall monitor the use made of the authorisation and may withdraw it at any time whenever the beneficiary makes improper use of the authorisation in any manner whatsoever or fails to fulfil any of the other conditions laid down in these Rules.

### Rule 10. Sets

Sets, as defined in General Rule 3 of the Harmonised System, shall be regarded as originating when all component products are originating. Nevertheless, when a set is composed of originating and non originating goods, the set as a whole shall be regarded as originating, provided that the CIF value of the non originating goods utilized in the composition of the set does not exceed 15% percent of the FOB price of the set.

### **Rule 11. Packages and packing materials for retail sale**

1. The packages and packing materials for retail sale, when classified together with the packaged product, according to General Rule 5 (b) of the Harmonised System, shall not be taken into account for considering whether all non-originating materials used in the manufacture of a product fulfil the criterion corresponding to a change of tariff classification of the said product.

2. If the product is subject to value added criterion, the value of the packages and packing materials for retail sale shall be taken into account in its origin assessment, in case they are treated as being one for customs purposes with the goods in question.

### **Rule 12. Containers and packing materials for transport**

The containers and packing materials exclusively used for the transport of a product shall not be taken into account for determining the origin of any good, in accordance with General Rule 5 (b) of the Harmonized System.

### **Rule 13. Neutral elements or indirect materials**

1. "Neutral elements" or "Indirect materials" means goods used in the production, testing or inspection of goods but not physically incorporated into the goods, or goods used in the maintenance of buildings or the operation of equipment associated with the production of goods, including:

- (a) energy and fuel;
- (b) plant and equipment,;
- (c) tools, dies, machines and moulds;
- (d) parts and materials used in the maintenance of plant, equipment and buildings;
- (e) goods which do not enter into the final composition of the product;
- (f) gloves, glasses, footwear, clothing, safety equipment, and supplies;
- (g) equipment, devices, and supplies used for testing or inspecting the goods.

2. Each Signatory Party shall provide that an indirect material shall be considered to be an originating material without regard to where it is produced. Its value shall be the cost registered in the accounting records of the producer of the export product.

### **Rule 14. Direct transport, Transit and Trans-shipment**

In order for the originating goods or products to benefit from the preferential treatment provided for under the Agreement, they shall be transported directly between the exporting Signatory Party and the importing Signatory Party. The goods or products are transported directly provided:

1. They are transported through the territory of one or more Signatory Parties;
2. They are in transit through one or more territories of third countries, with or without trans-shipment or temporary warehousing in such territories, under the surveillance of the customs authorities therein, provided that:

i) the transit entry is justified for geographical reasons or by consideration related exclusively to transport requirements;

ii) they are not intended for trade, consumption, use or employment in the country of transit;

iii) they do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition;

## **Section III – Proof of Origin**

### **Rule 15. Origin Certification**

1. The Origin Certificate is the document that certifies that goods fulfil the origin requirements as set out in these Rules so that they can benefit from the preferential tariff treatment as foreseen in the Agreement. The said Certificate is valid for only one importing operation concerning one or more goods and its original copy shall be included in the documentation to be presented at the customs authorities of the importing Signatory Party.

2. The issue and control of Origin Certificates shall be under the responsibility of a Government office in each Signatory Party. The Origin Certificates shall be directly issued by those authorities or through delegation as referred to in Rule 17(5)

3. The Origin Certificate shall be issued in accordance with the sample certificate of origin and notes for completion thereof, attached as Appendix-I to these Rules and upon a sworn declaration by the final producer of the goods and the respective commercial invoice.

4. In all cases, the number of the commercial invoice shall be indicated in the box reserved for this purpose in the Origin Certificate.

### **Rule 16. Operations carried out by third operators**

1. If the traded good is invoiced by an operator from a third country, be it a Signatory Party or not, for the issue of the Origin Certificate, the final producer or exporter of the good shall present the first commercial invoice and a corresponding sworn declaration by the final producer certifying that the goods fulfil the origin criteria of these Rules. Value addition carried out only in the Signatory Party shall be taken into account for calculation of local value addition.

2. The producer or the exporter from the country of origin shall inform in the respective Origin Certificate, in the box reserved for "observations", that the good corresponding to the said Certificate shall be invoiced by a third operator, reproducing the following data from the commercial invoice issued by this operator: name, address, country, number and date.

3. If it is not possible to comply with the requirements mentioned in Rule 16(2), the Commercial Invoice attached to the Importation Request shall contain a Sworn Declaration attesting that the Commercial Invoice corresponds to the Origin Certificate. The Sworn Declaration shall convey the corresponding number and the date of issue of the origin certificate and shall be signed by the operator. In the event of non-compliance of this requirement, the customs authorities shall not accept the Certificate of Origin and shall not grant the tariff preferences

established in this Agreement.

### **Rule 17. Issue of Origin Certificates**

1. For the issue of an Origin Certificate, the final producer or exporter of the good shall present the corresponding commercial invoice and a request containing a sworn declaration by the final producer certifying that the goods fulfil the origin criteria of these Rules, as well as the necessary documents supporting such a declaration. The said sworn declaration shall contain at least the following data:

- a) Individual's name or company name;
- b) Legal domicile;
- c) Description of the good to be exported and its tariff classification;
- d) FOB value of the goods to be exported;
- e) Information relating to the good to be exported, which must indicate:
  - i) materials, components and/or parts originating from the exporting Signatory Party;
  - ii) materials, components and/or parts originating from other Signatory Parties, indicating:
    - 1) origin;
    - 2) tariff classification;
    - 3) CIF value, in US dollars;
    - 4) Percentage on the total value of the final product.
  - iii) materials, components and/or parts non-originating from the Signatory Parties, indicating:
    - 1) exporting country;
    - 2) tariff classification;
    - 3) CIF value, in US dollars;
    - 4) Percentage on the total value of the final product.
  - iv) description of the manufacturing process.

2. The description of the good in the sworn origin declaration, which certifies the fulfilment of the origin requirements set out in these Rules, shall correspond to the respective tariff classification, as well as with the description of the good in the commercial invoice and in the Origin Certificate.

3. If the goods are regularly exported and their manufacturing process, as well as their materials are not modified, the Sworn Declaration of the Producer may be valid for a period of up to one hundred eighty (180) days counted from the date of the issue of the certificate.

4. The Origin Certificate shall be issued not later than five (5) working days after the request presentation and it shall be valid for a period of one hundred and eighty (180) days from the date of its issue, which shall be extended, for the necessary period, if the goods are under a suspensive import regime which implies the deposit of the good and does not allow any alteration of the good.

5. The Origin Certificate shall be signed and issued by Government offices to be indicated by the Signatory Parties who may delegate the signing and issuing of origin certificates to other Government offices or to highly representative corporate bodies.

6. The origin certificates shall not be issued

before the date of the issue of the commercial invoice relating to the consignment, but in the same date or within the following sixty (60) days.

7. The requesting party and the certifying offices or institutions shall keep the documents supporting the origin certificates for a period not less than five (5) years, from the date of its issue. The certifying offices or institutions shall enumerate the certificates issued by them in sequential order.

8. The certifying offices or institutions shall keep a permanent record of all issued origin certificates, which shall contain at least the certificate number, the requesting party's name and the date of its issue.

## Section IV – Control and Verification of Origin Certificates

### Rule 18.

1. Regardless of the presentation of an origin certificate in accordance with the Rules, the competent authorities of the importing Signatory Party may, in the cases of reasonable doubt, request to the competent authorities of the exporting Signatory Party any additional information necessary for the verification of the authenticity of a certificate, as well as the veracity of the information contained therein. This shall not preclude the application of the respective national legislation relating to breach of customs law.

2. The compliance with the request for additional information according to this Rule shall only be made with reference to the registers and documents available in Government offices or in the institutions entitled to issue origin certificates. Copies of the documentation necessary for the issuing of origin certificates can be made available. This Rule, however, does not restrain the interchange of information as foreseen in the Customs Cooperation Agreements.

3. The reasons for the doubts concerning the authenticity of the certificate or the veracity of its data shall be put forward in a clear and concrete way. For this purpose, the consultations thereon shall be carried out by a specific office of the competent authorities designated by each Signatory Party.

4. The competent authorities of the importing Signatory Party shall not suspend the importation operations of the goods. However, they may request a guarantee in any of its modalities, in order to preserve fiscal interests, as a precondition for the completion of the importation operations.

5. If a guarantee is required, its amount shall not be higher than the value of the applicable custom duties concerning the importation of the product from third countries, according to the legislation of the importing country.

### Rule 19.

The competent authorities from the exporting Signatory Party shall provide the requested information according to Rule 18 within thirty (30) days, from the date of the receipt of the request.

### Rule 20.

The information obtained under the provisions of Rule 19 shall be confidential in character and shall be utilised with a view to clarifying the matter under investigation by the competent

authorities of the importing Signatory Party as well as during the investigation and legal proceedings.

### Rule 21.

In the cases in which the information requested under Rule 18 is not provided within the deadline established in Rule 19 or is insufficient to clarify any doubt concerning the origin of the good, the competent authorities of the importing Signatory Party may initiate an investigation on the matter within sixty (60) days, from the date of the request for the information. If this information is satisfactory, the said authorities shall release the importer from the guarantee referred to in Rule 18 within thirty (30) days.

### Rule 22.

1. During the period of investigation, the competent authorities of the importing Signatory Party shall not suspend new importing operations relating to identical goods from the same exporter or producer. However, they may request a guarantee, in any of its modalities, in order to preserve fiscal interests, as a precondition for the completion of the importation operations.

2. The guarantee amount, whenever it is requested, shall be according to Rule 18.

### Rule 23.

The competent authorities of the importing Signatory Party shall immediately notify the importer and the competent authorities of the exporting Signatory Party of the initiation of the origin investigation, in accordance with the Rule 24.

### Rule 24.

During the investigation proceedings, the competent authorities of the importing Signatory Party may:

a) request, through the competent authorities of the exporting Signatory Party, new information, as well as any copy of the documentation in possession of the person who issued the origin certificate under investigation, according to Rule 18, which may be deemed necessary for verifying the authenticity of the said certificates and the veracity of the information contained therein. In such a request, the number and the date of the issue of the origin certificate under investigation shall be indicated.

b) for the purposes of verification of the contents of the local or regional added value, require access to any information or documentation necessary for establishing the CIF value of the non-originating goods used in the production of the goods under investigation and the producer or exporter shall facilitate the same.

c) for the purposes of verification of the characteristics of certain production processes required as specific origin requisites, require access to any information and documentation that allow the confirmation of such processes and the exporter or producer shall facilitate the same.

d) send to the competent authorities of the exporting Signatory Party a written questionnaire to be passed on to the exporter or producer, indicating the origin certificate under investigation;

e) request to the competent authorities of

the exporting Signatory Parties to facilitate visits to the premises of the producer, with a view to examining the production processes, as well as the equipment and tools utilized in the manufacture of the product under investigation.

f) require that the competent authorities of the exporting Signatory Party shall accompany the authorities of the importing Signatory Party in their above-mentioned visit, which may include the participation of specialists who shall act as observers. The specialists, who shall be previously selected, shall be neutral and have no interest whatsoever in the investigation. The exporting Signatory Party may deny the participation of such specialists whenever the latter represent the interests of the companies or institutions involved in the investigation.

g) require that once the visit is concluded, the participants shall subscribe the minutes of it, in which it shall be indicated that it was carried out according to the conditions established in these Rules. The said minutes shall contain, in addition, the following information: date and place of the carrying out of the visit; identification of the origin certificates which led to the investigation; identification of the goods under investigation; identification of the participants, including indications of the organs and institutions to which they belong; a visit report.

h) accept the exporting Signatory Party's request for the postponement of a verification visit for a period not more than thirty (30) days.

i) carry out other actions as agreed upon between the Signatory Parties involved in the case under investigation.

### Rule 25.

The competent authorities of the exporting Signatory Party shall provide the information and documentation requested according to Rule 24 (a) and (b), within thirty (30) days from the date of the receipt of the request.

### Rule 26.

In relation to the proceedings as foreseen in Rule 24, the competent authorities of the importing Signatory Party may request the competent authority of the exporting Signatory Party the participation or advice of specialists concerning the matter under investigation.

### Rule 27.

In the cases in which the information or documentation requested to the competent authorities of the exporting Signatory Party is not produced within the stipulated deadline, or if the answer does not contain enough information or documentation for determining the authenticity or veracity of the origin certificate under investigation, or still, if the producers do not agree to the visit, the competent authorities of the importing Signatory Party may consider that the products under investigation do not fulfil the origin requirements, and may, as a result, deny preferential tariff treatment to the products mentioned in the origin certificate under investigation according to Rule 21, and thus conclude such investigation.

### Rule 28.

1. The competent authorities of the importing Signatory Party shall engage to conclude the investigation in a period not more than ninety

(90) days, from the date of the receipt of the information requested in accordance with Rule 24.

2. If it is considered that new investigative actions or the presentation of more information are necessary, the competent authorities of the importing Signatory Party shall communicate the fact to the competent authorities of the exporting Signatory Party. The term for the execution of such new actions or for the presentation of additional information shall be not more than ninety (90) days, from the date of the receipt of the information, according to Rule 24.

3. If the investigation is not concluded within ninety (90) days from its initiation, the importer shall be released from the payment of the guarantee, regardless of the continuation of the investigation.

**Rule 29.**

1. The competent authorities of the importing Signatory Party shall inform the importers and the competent authorities of the exporting Signatory Party of the conclusion of the investigation process, as well as the reasons that led to its decision.

2. The competent authority of the importing Signatory Party shall grant the competent authority of the exporting Signatory Party the access to the investigation files, in accordance with its legislation

**Rule 30.**

During the investigation process, occasional modifications in the manufacturing conditions made by the companies under investigation shall be taken into account.

**Rule 31.**

Once the investigation concludes in favour of the qualification of the origin of the goods and the validity of the origin criterion contained in the origin certificate, the importer shall be released from the guarantees requested in Rule 18 and 22, within no more than thirty (30) days.

**Rule 32.**

1. Once the investigation establishes the non-qualification of the origin criterion of the goods contained in the origin certificate, the duties shall be levied as if the goods were imported from third countries and the sanctions foreseen in this Agreement and/or the ones foreseen in the legislation in force in each Signatory Party shall be applied.

2. In such a case, the competent authorities of the importing Signatory Party may deny preferential tariff treatment to new imports relating to identical good from the same producer, until it is clearly demonstrated that the manufacturing conditions were modified so as to fulfil the origin requirements of the Rules of Origin of these Rules.

3. Once the competent authorities of the exporting Signatory Party has sent the information demonstrating that the manufacturing conditions were modified, the competent authorities of the importing Signatory Party shall have forty five (45) days, from the date of the receipt of the said information, to communicate its decision

thereupon, or a maximum of ninety (90) days if a new verification visit to the producer's premises, according to Rule 24 (e), is deemed necessary.

4. If the competent authorities of the importing and the exporting Signatory Parties fail to agree on the demonstration of the modification of the manufacturing conditions, they may make use of the Dispute Settlement Procedure established as per Article 29 of this Agreement.

**Rule 33.**

1. A Signatory Party may request another Signatory Party to investigate the origin of a good imported by the latter from other Signatory Party, whenever there are well-founded reasons for suspecting that its products undergo competition from imported products with preferential tariff treatment which do not fulfill the conditions laid down under these Rules.

2. For such purposes, the competent authorities of the Signatory Party requesting the investigation shall bring to the notice of the authorities of the importing Signatory Party the relevant information within forty five (45) days, from the date of the request. Once this information is received, the importing Signatory Party may initiate the proceedings established in these Rules, giving notice of this to the Signatory Party that requested the initiation of the investigation.

**Rule 34.**

The proceedings of verification and control of origin as foreseen in these Rules may also apply to the goods already cleared for home consumption.

**Rule 35.**

Within sixty (60) days, from the receipt of the communication as provided in Rule 29 or sub-rule (3) of Rule 32, in case the measure is inconsistent, the exporting Signatory Party may

request for consultation to the Joint Administration Committee of this Agreement, stating the technical and legal reasons that would indicate that the measure adopted by the competent authorities of the importing Signatory Party are not consistent with these Rules; and/or request a technical advice with the aim of establishing whether the goods under investigation fulfil the origin rules of this Agreement.

**Rule 36.**

The time periods set in these Rules shall be calculated on a consecutive day basis as from the day following the fact or event which they refer to.

**Special Economic Zones**

**Rule 37.**

1. The provisions set out in these Rules shall also apply to Special Economic Zone and the competent authorities in each Signatory Party will be responsible for the control of origin with respect to activities covered under this Rule.

2. The MERCOSUR States and India shall take all necessary steps to ensure that products, traded under cover of a certificate of origin which in the course of transport use a Special Economic Zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.

3. When goods originating in the Signatory Parties are imported into a Special Economic Zone under cover of the origin certificate mentioned in Rule 17 and are fractioned, the certifying offices or institutions mentioned in Rule 17(5) may issue a new origin certificate, based on the original one, for the quantity that is required, until the total quantity of goods is covered.

[F. No. 467/25/2003-Cus.V/ICD]

Appendix-I  
**Form Agreed upon by India and Mercosur for the origin Certificate  
Certificate of Origin**

1. Producer or exporter (name, address, country)		Reference No. of Certificate <b>India-Mercosur PTA</b>	
2. Importer (name, address, country)		Stamp, address and name of the Certifying Authority	
3. Port of shipment		4. Country of destination	
		5. Commercial invoice Number                      Date     /     /	
6. N. <sup>o</sup> Order	7. tariff item number	8. Description of goods	9. Gross weight or other quantity
N. <sup>o</sup> Order	10. Origin criterion		
11. Observations			
<b>Origin Certification</b>			
12. Declaration by the Producer or Exporter: The undersigned hereby declares that the mentioned goods were produced in (country) and they comply with the origin requirements specified in (Agreement). Date     /     /  Stamp and signature		13. Certification by Certifying Authority: It is hereby certified the authenticity of the previous declaration in accordance with the applicable legislation.  (Place),  Stamp and signature	

(back)

I. To qualify for preference, products must:

a. fall within a description of products eligible for concessions in the country of destination under this agreement.

b. comply with Customs Tariff (Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of MERCOSUR Member States comprising the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Republic of Uruguay and the Republic of India) Rules, 2009. Each Article in a consignment must qualify separately in its own right; and

c. comply with the consignment conditions specified by these Rules. In general products must be consigned directly within the meaning of Rule 14 hereof from the country of exportation to the country of destination.

II. Entries to be made in Box 10

Preference products must be wholly produced or obtained in the exporting Contracting Party in accordance with Rule 5 of these Rules, or where not wholly produced or obtained in the exporting

Contracting Party must be eligible under Rule 4 or Rule 6 of these Rules.

1. If products are wholly produced or obtained enter the letter 'A' in box 10.

2. Products not wholly produced or obtained; the entry in box 10 should be as follows:

- Enter letter 'B' in box 10 for products, which meet the origin criterion according to Rule 6. Entry of letter would be followed by the sum of the value of materials, parts or produce originating from non-contracting parties or undetermined origin used, expressed as a percentage of the F.O.B. value of the products; (example B ( ) per cent).
- Enter letter 'C' in box 10 for products, which meet the origin criteria according to Rule 4. Entry of letter 'C' would be followed by the sum of the aggregate content originating in the territory of the exporting Contracting Party expressed as a percentage of the F.O.B. value of the exported product: (example 'C' ( ) per cent).

ing with label, literature or other indications, showing that they are for use as cosmetics or which are put up in a form clearly specialized for such use. A plain reading of the Chapter Note would show that, in order to bring a product in the category of hair oil falling under Heading 3305, the packing of said product or its label/literature must give an indication that is meant for use as hair oil.

(ii) The above mentioned wordings have been deleted in the new Chapter Note and they have been replaced by the words, namely, "put up in packing of a kind sold by retail for such use". The said amendment clearly shows that if a particular packing of coconut oil is generally sold in retail as hair oil, in that case, the said product would be classified under heading 3305. In other words, the strict conditionality like label, or literature of the product showing its use as hair oil or a specialized packing to show beyond doubt it's use as hair oil has been removed and the general condition as to how the said product is being generally sold in retail has been prescribed in the new Chapter Notes.

(iii) Further, the new Section Note also provides that goods classifiable in Heading 3305 by reason of being put up for retail sales are to be classified in the said heading and in no other heading of the schedule. This Section Note further supports the interpretation that though a product is capable of being classified under more than one heading, even then because of the nature of its retail packing, which is indicative of its use as hair oil, the classification under heading 3305 would get priority. The illustration given in the HSN also supports this view. HSN Explanatory Notes to Section 2 of Section VI provides that sulphur put up for retail sale for therapeutic purpose is classified under heading 3004 and not in heading 2503 or 2802. Therefore, by the same logic, if coconut oil is packed in retail packs of say 10 ml. pouch or 50 ml bottles, which are generally used by consumers as hair oil, the same would get classified in heading 3305 and not under Chapter 15. But, if the same coconut oil is packed in say 1 liter or 2 liter packages, which are generally used by consumers for edible purposes (even though some customers may use it as hair oil), it would be classified under chapter 15.

Hence, in view of the amendments/insertion of Chapter Note and Section Note, the classification of coconut oil would depend upon the fact as to how the majority of the customers use the said product. Therefore, if coconut oil is packed in packages which are generally meant for sale in retail as hair oil, in that case the said product would be classified as hair oil under heading 3305, even though few consumers may use it as edible oil.

Through field survey, it has been gathered that smaller packs upto the sizes of 200 ml are normally used as hair oil by the customers. It has also been reported that in small pack sizes upto 200 ml are stacked along with other hair oil care preparations/cosmetics and not in edible oil section in the retail shops. Enquiries also reveal that small packs of coconut oil displayed at the hair care shelves are used as hair oil only and the

## Coconut Oil Packed in Containers upto 200 ml Classified as Hair Oil under HS Code 3305

Order under section 37 B of Central Excise Act, 1944.

Subject: Classification of Coconut Oil packed in small containers.

F.No. 102/05/2006-CX-3

890-CBEC In exercise of powers conferred  
03.06.2009 under section 37B of the  
(DoR) Central Excise Act, 1944  
Central Board of Excise &

Customs considers it necessary, for the purposes of uniformity with respect to classification of 'coconut oil' packed in small containers and levy of excise duty, to issue the following instructions. Same issue was examined in the year 1995 but subsequently the Central Excise Tariff was amended w.e.f. 28.2.2005 and therefore, the issue has been re-examined.

2. There are two contenting classification. Chapter 15 covers various types of vegetable oil including coconut oil and Chapter 33 covers cosmetics including hair oil.

3. The disputes have arisen in respect of coconut oil when it is sold in small packs say of 50 ml. or 100 ml. When the Coconut oil is sold in small containers, following indications have been found on containers or labels.

- 'hair oil'
- 'edible oil'
- 'pure coconut oil' or 'coconut oil'

When 'hair oil' is printed on the container/label, there is no dispute and it is classified as 'hair oil' under chapter 33. Disputes have arisen in respect of other two categories ('edible oil', 'pure coconut oil or coconut oil'). Department is contending that coconut oil falling under these two categories are meant for sale as 'hair oil', therefore, it shall be classified as 'hair oil' under chapter 33. The manufacturers plead that this issue stands settle by a Circular issued in 1995, and as they are not printing the specific use of

such oil as 'hair oil' it should be classified as 'vegetable oil' under chapter 15, irrespective of the fact that consumer may use it as 'hair oil'.

4. Circular No.145/56/1995-CX-3, dt. 31.08.1995, clarified that for classification of coconut oil under chapter 33 (as hair oil), it must satisfy the requirements of chapter Note 2 and 6 of Chapter 33 (of erstwhile 6 digit tariff system). Though an oil may be capable of being used as hair oil, the product must satisfy the criteria of label/literature on packing of coconut oil showing its use as hair oil as per note 2 to Ch.33. The circular says that in the absence of any proof that the coconut oil was specifically prepared for use on the hair (or) any label/literature/indications on the containers to the effect, the subject goods cannot be classified under 3305.90 simply because they were packed in small containers and applied by some sections of the society on the hair and it would be classified under chapter 15 as coconut oil.

The said Chapter Note 2 to Chapter 33 has been modified alongwith addition of a new Section Note 2 to Section VI w.e.f. 28.2.2005. The amendments were carried out while aligning the Central Excise Tariff with internationally accepted Harmonized System of Nomenclature (HSN). In view of these amendments, the clarification issued in 1995 requires modifications for classification of coconut oil packed in small containers.

5. The comparison of old and the new note brings out the following facts:-

(i) The erstwhile Chapter Note 2 prescribed a condition that Heading No.3305(which covers hair oil also) applies to products put up in pack-

customer ask for the smaller packages or the sachets for using them as 'hair oil' .

6. In view of foregoing discussion, it is concluded that coconut oil packed in containers upto 200 ml may be considered as generally used as hair oil. This would bring uniformity in assessment in respect of coconut oil sold in small containers irrespective of the fact as to whether its use as hair oil is indicated on

containers/labels or not. Therefore, following instructions/directions are issued:

(i) The Circular No.145/56/1995-CX, dated. 31.08.1995, stands withdrawn.

(ii) The coconut oil packed in small container of sizes upto 200 ml shall be classified under heading 3305.

7. Based on the above clarification pending cases may be disposed of.

## DEPB Rates of 7.67% Clarified for Cotton Yarn w.e.f 05.11.2008

*Corrigendum dated 29 May 2009*

*Corrigendum to Public Notice No.102 dated 05.11.2008*

In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2004-09 and Paragraph 1.1 of Handbook of Procedures (Vol.1), the Director General of Foreign Trade hereby makes the following correction to Public Notice No. 102 dated 05.11.2008 related to Schedule of DEPB rate. It will be effective from 05.11.2008.

DEPB rate for the item "Cotton Yarn including Melange Yarn" appearing at Sl.No.78 of the Product Group Textile (Product Code 89) stands corrected to read as 7.67% instead of 3.67 in the English version of the public Notice No.102 dated 5.11.2008, as appearing in the official Gazette  
This issue in the public interest.

## Designated Authorities Name and Designation Must on All Applications

*The following Trade Notice was issued by the Zonal Jt. DGFT, Mumbai on 20 May 2009.*

03-TN/AM.10 It is noticed that several applications/requests covering letters are being submitted to this Office under the signature of authorized signatory without mentioning his name and designation. It is hereby notified that such letters/requests shall not be taken cognizance of by this Office henceforth.

Trade and industry is requested to submit their requests/applications/forwarding letters to this Office duly mentioning their name and designation of signatories/authorized signatories. In case authorized signatory is other than Proprietor/Director/Partner of the firm, copy of Power of Attorney executed in his favour will also be required to be submitted.

## No Export Release Order for Sugar Required EO Fulfilment under Advance Authorisation

*Subject: Export of Sugar – reintroduction of the system of export release orders w.e.f. 1.1.2009 for export under OGL – Corrigendum to Policy Circular No. 87 (RE-09)/2004-2009 dated 4.5.2009.*

92-Pol.Cir Reference is invited to the  
04.06.2009 Policy Circular No. 87 (RE-  
(DGFT) 09) 2004-2009 dated 4.5.2009,  
on the subject cited above.

Clause (a) of the Notification No. SO 1310 (E) dated 31.7.2007, substituted vide Notification No. 473 (E) dated 13.02.2009 of the Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution, as mentioned in Policy Circular No. 87 (RE-09)/2004-2009 dated 4.5.2009, is substituted as follows:-

"(a) a producer of sugar by vacuum pan process or a merchant Importer/exporter shall be required to obtain an export release order from the Chief Director (Sugar), Directorate of Sugar or any other Officer authorized by the Chief Director (Sugar) for export of sugar whether

under Open General Licence or Advance Authorization Scheme on 'ton- to-ton' basis or any other scheme permitting Export of sugar.

**Explanation:** Where a producer of sugar or a merchant importer – exporter imports raw sugar under Advance Authorization Scheme and exports processed white or refined sugar for fulfillment of his export obligation under 'grain-to-grain' policy, such producer of sugar or merchant importer-exporter shall not be required to obtain an export release order from the Chief Director (Sugar), Directorate of Sugar."

2. In view of the above, it is directed that all the field formations take necessary action for compliance of the above decision of the Government.

3. This issues with the approval of Director General of Foreign Trade.

## Avian Influenza – Prohibition on Import of Live Stock and Live Stock Products

107-Nfn(RE) In exercise of powers conferred  
05.06.2009 by Section 5 of the Foreign  
(DGFT) Trade (Development and  
Regulation) Act, 1992 read with  
paragraph 2.1 of the Foreign Trade Policy –  
2004-09, the Central Government hereby  
amends the ITC (HS) Classification of Export  
and Import Items 2004-09 as under:

1. **Condition 16 of Chapter 1 A** (General Notes to Import Policy) of the ITC (HS) Classifications of Export and Import items, 2004-09 shall be amended to read as under:

"16. Import into India of the following live-stock and live-stock products shall be prohibited from all countries, in view of notifiable Avian Influenza (both Highly Pathogenic notifiable Avian Influenza and Low Pathogenic notifiable Avian Influenza) :

(a) domestic and wild birds (excluding poultry and captive birds);

(b) unprocessed meat and meat products from Avian species including wild birds (except poultry);

(c) semen of domestic and wild birds (except semen of poultry).

Further, the Central Government also pro-

hibits the import into India from the countries reporting notifiable Avian Influenza (both Highly Pathogenic notifiable Avian Influenza and Low Pathogenic notifiable Avian Influenza), the following live-stock and live-stock products, namely:

(a) Live poultry and captive birds;

(b) day old chicks, ducks, turkey and other newly hatched Avian species;

(c) unprocessed meat and meat products from Avian species including wild birds;

(d) hatching eggs;

(e) egg and egg products (except Specific Pathogen Free eggs);

(f) unprocessed feathers;

(g) live pig;

(h) pathological material and biological products from birds;

(i) product of animal origin (from birds) intended for use in animal feeding or for agricultural or industrial use;

(j) semen of poultry.

Provided that the prohibition shall not be applicable on the import of processed pet food containing ingredients of meat and meat prod-

ucts from avian species, pig and product of animal origin (from birds) intended for use in animal feeding.

Provided further that the prohibition shall also not be applicable to the import of pathological materials and biological products for diagnostic and research purpose on specific request.

Provided also further that the import of processed poultry meat shall be allowed after satisfactory conformity assessment of the exporting country."

2. The prohibition shall be in force till further orders.

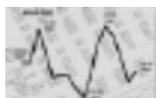
3. This issues in public interest.

## World Bank Pink Sheet – May 2009 Prices

World Bank Pinksheet issued in June 2009 covers price movements in 43 energy and non-energy products is published by the World Bank every month. This Pink Sheet focuses on price movements in May 2009.

### Sugar, Wheat and Crude on the Rise

- Crude oil on the rise. Coal up. Natural gas down.
- Cocoa down. Coffee and Tea up.
- Copra and Coconut oil up. Palm oil and Palmkernel oil up. Groundnut oil down. Soybean meal, Soybean oil and Soybeans up.
- Thai Rice down, Barley up. Maize and Sorghum up.
- Wheat on the rise. Bananas and Oranges down.
- Shrimp steady, Meat, beef and Fishmeal up.
- World sugar on the rise.
- Logs and Sawwood up. Plywood and Woodpulp down.
- Cotton and Rubber up.
- Fertilizers down.
- Gold and Silver on the rise.
- Aluminium, Copper, Lead and Zinc up. Nickel and Tin up.
- Iron ore steady. Steel steady. Steel wire rod down.



	Monthly averages			Quarterly averages				Annual averages		
	2009			2008		2009		2007	2008	2009
	Mar	Apr	May	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan-Dec	Jan-May

#### Energy

Coal, Australia \$/mt	61.00	63.56	64.50	114.00	138.65	162.80	92.97	71.93	65.73	127.10	68.77
Crude oil, avg, spot \$/bbl	46.65	50.28	58.15	95.31	120.97	115.68	56.00	44.11	71.12	96.99	48.16
Crude oil, Brent \$/bbl	46.84	50.85	57.94	96.67	122.39	115.60	55.89	44.98	72.70	97.64	48.75
Crude oil, Dubai \$/bbl	45.58	50.18	57.40	91.30	116.67	113.47	53.67	44.56	68.37	93.78	48.25
Crude oil, West Texas Int. \$/bbl	47.52	49.81	59.13	97.94	123.85	117.98	58.45	42.80	72.28	99.56	47.47
Natural gas Index 2000=100	177.5	144.7	143.4	235.3	286.0	284.1	266.2	198.2	186.5	267.9	176.5
Natural gas, Europe \$/mmbtu	10.90	8.51	8.09	10.86	12.40	14.62	15.75	11.94	8.56	13.41	10.49
Natural gas, US \$/mmbtu	3.95	3.50	3.81	8.65	11.35	9.03	6.40	4.57	6.98	8.86	4.20
Natural gas LNG, Japan \$/mmbtu	9.48	8.10	7.75	10.45	11.71	13.33	14.62	10.90	7.68	12.53	9.71

#### Beverages

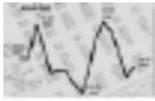
Cocoa ¢/kg	250.1	258.1	247.5	247.7	276.4	282.6	224.1	259.7	195.2	257.7	257.0
Coffee, Arabica ¢/kg	283.3	297.4	332.9	328.5	315.1	321.2	267.8	283.9	272.4	308.2	296.4
Coffee, robusta ¢/kg	168.2	166.5	166.7	247.3	243.6	244.8	192.6	175.8	190.9	232.1	172.1
Tea, auctions (3), average ¢/kg	219.0	250.9	268.8	234.6	254.7	272.3	206.6	217.0	203.6	242.0	234.2
Tea, Colombo auctions ¢/kg	284.7	287.3	296.5	305.2	298.5	303.2	208.8	261.7	252.2	278.9	273.7
Tea, Kolkata auctions ¢/kg	158.4	244.4	287.6	176.6	244.0	260.9	220.2	174.5	192.1	225.5	211.1
Tea, Mombasa auctions ¢/kg	213.8	221.0	222.3	221.8	221.6	252.8	190.8	214.9	166.5	221.8	217.6

#### Fats and Oils

Coconut oil \$/mt	625	747	843	1,379	1,499	1,246	772	677	919	1,224	724
Copra \$/mt	416	499	559	914	1,013	817	520	447	607	816	480
Groundnut oil \$/mt	1,214	1,187	1,154	2,007	2,328	2,417	1,773	1,283	1,352	2,131	1,238
Palm oil \$/mt	598	700	799	1,156	1,198	928	512	577	780	949	646
Palmkernel oil \$/mt	587	717	831	1,375	1,420	1,114	609	577	888	1,130	656
Soybean meal \$/mt	344	388	441	443	484	450	320	365	308	424	384
Soybean oil \$/mt	727	801	893	1,384	1,466	1,353	830	755	881	1,258	792
Soybeans \$/mt	379	414	472	563	585	566	377	394	384	523	414

#### Grains

Barley \$/mt	114.8	111.3	128.7	216.8	239.1	216.6	129.5	116.3	172.4	200.5	117.8
Maize \$/mt	164.6	168.5	179.9	220.4	259.0	244.7	168.4	166.9	163.7	223.1	169.8
Rice, Thailand, 5% \$/mt	588.3	549.7	526.5	478.1	855.3	703.0	564.4	586.3	326.4	650.2	567.0
Rice, Thailand, 25% \$/mt	471.5	446.0	447.0	n.a.	n.a.	669.5	449.9	469.4	306.5	n.a.	460.3
Rice, Thailand, 35% \$/mt	n.a.	300.1	n.a.	n.a.							
Rice, Thai, A1.Special / Super \$/mt	332.0	335.7	321.8	442.8	693.7	478.6	314.1	323.4	272.3	482.3	325.5



	Monthly averages			Quarterly averages				Annual averages			
	2009			2008				2009	2007	2008	2009
	Mar	Apr	May	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan-Dec	Jan-Dec	Jan-May
Sorghum \$/mt	138.6	154.1	160.1	218.7	246.9	214.7	151.0	145.3	162.7	207.8	150.0
Wheat, Canada \$/mt	306.9	315.4	334.6	621.7	484.4	390.2	322.1	321.9	300.4	454.6	323.1
Wheat, US, HRW \$/mt	230.9	234.2	262.3	411.8	346.5	317.7	228.1	231.6	255.2	326.0	238.3
Wheat US SRW \$/mt	183.7	182.6	202.5	384.1	277.8	241.5	182.7	187.4	238.6	271.5	189.5
<b>Other Food</b>											
Bananas EU \$/mt	1,331	1,292	1,286	1,421	1,263	1,123	944	1,142	1,037	1,188	1,201
Bananas US \$/mt	909	890	830	836	920	775	847	891	676	844	879
Fishmeal \$/mt	1,030	1,040	1,104	1,126	1,185	1,198	1,023	1,013	1,177	1,133	1,037
Meat, beef ¢/kg	247.7	255.5	263.7	282.1	332.7	372.4	268.0	245.2	260.3	313.8	250.9
Meat, chicken ¢/kg	171.8	171.2	174.5	158.8	167.9	177.1	174.7	173.5	156.7	169.6	173.3
Meat, sheep ¢/kg	374.6	404.4	427.7	453.6	493.2	477.3	410.0	378.5	412.0	458.5	393.5
Oranges \$/mt	847	905	888	1,103	1,322	1,163	842	799	957	1,107	838
Shrimp, Mexico ¢/kg	970	970	970	1,103	1,109	1,048	1,014	976	1,010	1,069	974
Sugar EU domestic ¢/kg	51.53	52.09	53.84	74.51	77.59	74.70	51.97	51.44	68.09	69.69	52.05
Sugar US domestic ¢/kg	43.55	46.83	47.68	44.85	46.34	51.52	44.72	43.82	45.77	46.86	45.19
Sugar, world ¢/kg	29.54	30.09	35.36	28.42	27.01	31.14	26.28	28.85	22.22	28.21	30.40
<b>Timber</b>											
Logs, Cameroon \$/cum	388.2	382.5	395.4	530.8	554.4	548.5	473.8	426.8	381.3	526.9	411.6
Logs, Malaysia \$/cum	288.6	283.1	291.1	293.4	282.3	277.7	315.7	313.6	268.0	292.3	303.0
Plywood ¢/sheets	570.8	567.7	565.9	640.4	647.3	648.6	645.5	572.8	640.7	645.5	570.4
Sawnwood, Cameroon \$/cum	679.9	684.3	717.6	1,035.5	1,052.3	974.5	770.8	689.2	759.8	958.3	693.9
Sawnwood, Malaysia \$/cum	815.9	815.7	855.4	860.3	935.8	900.3	859.9	813.7	806.3	889.1	822.4
Woodpulp \$/mt	537.7	538.8	532.0	850.2	870.7	848.8	711.0	565.1	767.0	820.2	553.2
<b>Other Raw Materials</b>											
Cotton A Index ¢/kg	113.5	125.2	136.3	167.9	166.5	168.2	126.9	120.8	139.5	157.4	124.8
Cotton Memphis ¢/kg	123.3	135.6	150.2	174.2	171.6	170.0	130.1	129.8	142.9	161.5	135.0
Rubber RSS1, US ¢/kg	161.8	183.6	189.8	292.6	311.7	329.1	202.8	165.8	248.0	284.1	174.2
Rubber RSS3, SGP ¢/kg	143.1	162.4	169.3	273.5	303.5	298.4	159.0	146.0	226.3	258.6	154.0
<b>Fertilizers</b>											
DAP \$/mt	367.6	335.4	297.5	860.2	1,191.6	1,153.7	663.3	362.2	432.5	967.2	343.9
Phosphate rock \$/mt	157.5	125.5	117.5	234.4	367.5	409.2	371.3	193.3	70.9	345.6	164.6
Potassium chloride \$/mt	870.0	745.0	717.5	367.7	511.1	635.0	766.7	865.2	200.2	570.1	811.6
TSP \$/mt	295.0	278.0	246.9	714.7	1,036.4	1,107.8	658.7	321.7	339.1	879.4	298.0
Urea \$/mt	265.4	245.2	240.8	357.6	575.7	745.4	292.2	267.3	309.4	492.7	257.6
<b>Metals and Minerals</b>											
Aluminum \$/mt	1,336	1,421	1,460	2,743	2,940	2,787	1,821	1,360	2,638	2,573	1,392
Copper \$/mt	3,750	4,407	4,569	7,796	8,443	7,680	3,905	3,428	7,118	6,956	3,852
Gold \$/toz	924	890	929	927	896	870	795	909	697	872	909
Iron ore ¢/dmtu	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6	84.7	140.6	140.6
Lead ¢/kg	123.9	138.3	144.0	289.9	230.7	191.2	124.5	115.7	258.0	209.1	125.9
Nickel \$/mt	9,696	11,166	12,635	28,957	25,682	18,961	10,843	10,471	37,230	21,111	11,043
Silver ¢/toz	1,312	1,252	1,411	1,765	1,720	1,495	1,020	1,265	1,341	1,500	1,292
Steel products index 2000=100	255.4	219.0	213.8	229.6	279.2	338.2	310.4	274.5	182.0	289.3	251.3
Steel cr coilsheet \$/mt	900	700	700	763	900	1,100	1,100	1,033	650	966	900
Steel hr coilsheet \$/mt	800	600	600	700	833	1,000	1,000	933	550	883	800
Steel, rebar \$/mt	470	425	450	639	838	934	630	473	522	760	459
Steel wire rod \$/mt	1,200	1,100	1,020	754	950	1,135	1,200	1,200	533	1,010	1,144
Tin ¢/kg	1,068	1,174	1,379	1,778	2,265	2,051	1,310	1,103	1,454	1,851	1,172
Zinc ¢/kg	121.7	137.9	148.4	243.0	211.3	177.0	118.5	117.2	324.2	187.5	127.6

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

## Packing and Labelling Procedure for Cigarettes and Other Tobacco Products Mandatory from 31 May 2009

*Subject: Notification of "The Cigarettes and Other Tobacco Products (Packaging and Labelling) Rules, 2008" prescribing the manner in which the health warnings shall be displayed on tobacco products with effect from 31.05.2009.*

[F.No.267/50/2007-CX-8 dated 02 June 2009]

Please refer to the **Office Memorandum** dated 29.05.2009 of Ministry of Health & Family Welfare issued from P.No.16011/07/05-PH-I .

- The Office Memorandum is self explanatory. It is requested to take necessary action accordingly.
- Detailed instructions on the issue will follow shortly.

**P.16011/07/05-PH-I**  
Government of India  
Ministry of Health & Family Welfare  
Nirman Bhawan, New Delhi. Dated the 29<sup>th</sup> May 2009

### Office Memorandum

As per Rule 3(1) (a) of "the Cigarettes and Other Tobacco Products (Packaging and Labeling) Rules 2008" it is mandatory for every package of cigarettes and other tobacco products, produced / manufactured / imported on or after 31<sup>st</sup> May 2009 to carry Specified Health Warning in the manner as prescribed in the said Rules. In order to ensure effective implementation of the said Rules, it is necessary to ensure the following:-

(i) No tobacco products will be cleared from the manufacturing premises by the department of Central excise and Customs unless and until it bears the specified Health Warning and other requisites as prescribed in the Rules. In case of

Beedi units manufacturing 20 lakh beedi or below, Department of Labour and any other concerned authority is also authorized to check violation under the Packaging and Labeling Rules 2008.

(ii) No tobacco products which are imported will be cleared by the department of Customs unless and until it bears the specified Health Warning and other requisites as prescribed in the Rules.

In this regard it is clarified as per the notification dated 3<sup>rd</sup> May 2009 GSR 305(E), the definition of "Package" means any type of pack in which cigarette and other tobacco product is

## Labelling Restrictions of Cigarette and Tobacco Products

108-Ntfn(RE) In exercise of powers conferred by Section 5, read (DGFT) along with Section 3(2) of the Foreign Trade (Development and Regulation) Act, 1992, also read along with paragraph 2.1 of the Foreign Trade Policy – 2004-09, the Central Government hereby amends Schedule-I of the ITC (HS) Classification of Export and Import Items, 2004-09 as under:

1. The following condition will be **added to chapter 1A**: General Notes regarding Import Policy :

- "21. Import of cigarette or any other tobacco product shall be subject to the provisions contained in the "Cigarettes and other Tobacco Products (Packaging and Labeling) Amendment Rules, 2009", as notified by the Ministry of Health & Family Welfare."
- This issues in public interest.

packaged for consumer sale but shall not include wholesale, semi wholesale or poor pack-ages if such packages are not intended for consumer use.

All the concerned authorities are directed to ensure effective implementation of the above said Rules on specified health warning.

## Polyurethane Resin SION Amended

183-Ntfn(RE) In exercise of the powers conferred under Paragraph 04.06.2009 2.4 of the Foreign Trade Policy, 2004-09 and (DGFT) Paragraph 1.1 of the Handbook of Procedures (Vol.1), the Director General of Foreign Trade hereby makes the following corrections in Public Notice No. **168(RE:2008)/2004-2009 dated 31.03.2009** related to amendment/addition/deletion/correction in the Handbook of Procedures, Vol.2, 2004-2009, as amended from time to time.

The SION at Sl. No. H567 published under the Public Notice No. 168 dated 31.03.2009 has been divided into three separate SIONs as under:-

SNo.	Export Item	Qty	Import Item	Qty
H567	Polyurethane Resin Solution @ 60% Resin Total Solid Content in Relevant Solvent (General Purpose)	1 kg	1. Adipic Acid	0.221 kg
			2. Phthalic Anhydride	0.243 kg
			3. Monoethylene Glycol	0.216 kg
			4. Toluene Di-Isocyanate	0.016 kg
			5. Ethyl Acetate/Methyl Ethyl Ketone (relevant)	0.400 kg

**Note:** For different %age of Resin Content, the requirement of import item No. 1 to 4 may be worked on pro-rata basis. For item No. 5 i.e. solvent, the requirement may be worked out in the inverse ratio depending on solvent content / percentage.

SNo.	Export Item	Qty	Import Item	Qty
H569	Polyurethane Resin Solution @ 60% Resin Total Solid Content in Relevant Solvent (Ultrahigh Performance- Chemical)	1 kg	1. Adipic Acid	0.124 kg
			2. Isophthalic Acid	0.183 kg
			3. Diethylene Glycol	0.212 kg
			4. Monoethylene Glycol	0.030 kg
			5. Toluene Di-Iso Cyanate	0.122 kg
			6. Ethyl Acetate/Methyl Ethyl Ketone (relevant)	0.400 kg

**Note:** For different %age of Resin Content, the requirement of import item No. 1 to 5 may be worked on pro-rata basis. For item No. 6 i.e. solvent, the requirement may be worked out in the inverse ratio depending on solvent content / %age.

SNo.	Export Item	Qty	Import Item	Qty
H570	Polyurethane Resin Solution @ 60% Resin Total Solid Content in Relevant Solvent (Ultrahigh Performance- Thermal)	1 kg	1. Adipic Acid	0.113 kg
			2. Isophthalic Acid	0.159 kg
			3. Diethylene Glycol	0.187 kg
			4. Monoethylene Glycol	0.030 kg
			5. Diphenyl Methane 4,4 Di Isocyanate (MDI)	0.173 kg
			6. Ethyl Acetate/Methyl Ethyl Ketone (relevant)	0.400 kg

**Note:** For different %age of Resin Content, the requirement of import item No. 1 to 5 may be worked on pro-rata basis. For item No. 6 i.e. solvent, the requirement may be worked out in the inverse ratio depending on solvent content / %age.

This issues in public interest.

## Shea Stearine SION Amended

184-Ntfn(RE) In exercise of the powers conferred under Paragraph 05.06.2009 2.4 of the Foreign Trade Policy, 2004-09 and Paragraph (DGFT) 1.1 of the Handbook of Procedures (Vol.1), the Director General of Foreign Trade hereby makes the following additions/corrections in the Handbook of Procedures, Vol.2, 2004-2009, as amended from time to time.

2. In the statement of Standard Input Output Norms (SION) as contained in the Handbook of Procedures (Vol.2), 2004-2009, as amended from time to time, amendments/corrections at appropriate place as mentioned in ANNEXURE "A" to this Public Notice are made.

This issues in Public interest.

**Amendments/Corrections**

Description of import item in the norm covered by entry at Sl. No. E-125 under Food Products is amended as under:-

Sl.No.	Export Item	Quantity	Import Item	Quantity
E-125	Shea Stearine	1 M.T.	1.Shea Nuts (Oil content 45+/-1% OR Shea Butter	5.20 MT**  2.295 MT
			2. Tonsil Bleaching Earth	0.05 MT
			3. Acetone	0.04 MT

\*\*For every one percent increase in the oil content beyond 46% in Shea Nut, the permitted quantity for its import may decrease by 150 kgs on prorate basis and for every one percent decrease in oil content below 44% in Shea Nut, the permitted quantity for its import may increase by 150 kgs on prorate basis.

"Note :- For item No. 1 of import items viz. Shea Nuts, customs authority to draw samples for every bill of entry and test the same for its oil content. The customs authority to endorse on the Bill of Entry the oil content of each consignment. Regional Authority to redeem authorizations based on the weighted average of oil content so endorsed by the customs authority. However, clearance of import consignments should not be held back till the results are obtained, but to be allowed upon customs examination & drawing of Samples."

**Customs Valuation Exchange Rates**

June 2009	Imports	Exports	
<b>Schedule I</b>			
1 Australian Dollar	37.50	36.45	Rate of exchange of one unit of foreign currency equipment to Indian Rupees
2 Canadian Dollar	42.70	41.60	
3 Danish Kroner	9.05	8.75	
4 EURO	67.20	65.45	
5 Hong Kong Dollar	6.20	6.05	
6 Norwegian Kroner	7.60	7.35	
7 Pound Sterling	76.30	74.40	
8 Swedish Kroner	6.40	6.25	
9 Swiss Franc	44.25	43.15	
10 Singapore Dollar	33.15	32.35	
11 U.S. Dollar	47.90	47.00	
<b>Schedule II</b>			
1 Japanese Yen	50.85	49.45	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

(Source: Customs Notification 54(NT)/27.05.2009)

**Ramírez, Van den Bossche Set to Become Next Appellate Body Judges**

Ricardo Ramírez Hernández of Mexico and Peter Van den Bossche of Belgium will likely fill two vacancies on the WTO's Appellate Body, the organisation's highest court, trade sources confirmed this week. The WTO's 153 Member states are expected to finalise the selection of the two new judges at the next meeting of the Dispute Settlement Body, scheduled for 19 June.

Ricardo Ramírez Hernández, a former Mexican trade negotiator and now a lawyer at Chadbourne & Park, is slated to start his new job on 1 July. He will replace Luiz Olavo Baptista, a Brazilian lawyer, who left his post earlier this year.

Peter Van den Bossche is expected to fill a second vacancy after Italian law professor Giorgio Sacerdoti steps down at the end of this year. Now a professor of international economic law in the Netherlands, Van den Bossche has also served as a counsellor to the AB and as a consultant on WTO law to various national and international authorities. In 2001, he was named the acting director of the Appellate Body secretariat. Van den Bossche will take up his post as of 12 December.

The WTO's Appellate Body is charged with conducting reviews of reports from WTO Dispute Settlement panels. Although Appellate Body judges do not represent individual governments, it is considered prestigious for a country to secure a nomination. Judges from China, Italy, Japan, the Philippines, South Africa and the United States currently sit on the court. Each judge serves a four-year term that can be renewed once.

**Commodity Spot Prices in India – 05-08 June 2009**

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 05-08 June.

Commodity	Unit	Market	05-Jun	06-Jun	08-Jun
CER (Carbon Trading)	1 MT	Mumbai	821	808.5	808.5
Chana	100 KGS	Delhi	2080	2070	2105
Masur	100 KGS	Indore	4000	4000	4050
Potato	100 KGS	Agra	859.6	861.5	873.8
Potato TKR	100 KGS	Tarkeshwar	887.2	894.9	900
Arecanut	100 KGS	Mangalore	7974	7975	7971
Cashewkern	1 KGS	Quilon	304	304	300
Cardamom	1 KGS	Vandanmedu	761.25	759.75	745.25
Coffee ROB	100 KGS	Kushalnagar	72.9	72.9	72.7
Jeera	100 KGS	Unjha	11208	11136	11000
Pepper	100 KGS	Kochi	12661	12600	12656
Red Chili	100 KGS	Guntur	4745	4745	5634
Turmeric	100 KGS	Nzmbad	5293	5293	5272
Guar Gum	100 KGS	Jodhpur	3567	3572	3590
Maize	100 KGS	Nzmbad	842	843	849.5
Mentha Oil	1 KGS	Chandausi	540.9	544.5	532.4
Cotton Seed	100 KGS	Akola	1381	1369	1370
Castorsd RJK	100 KGS	Rajkot	2374	2346.5	2361.5
Guar Seed	100 KGS	Jodhpur	1767.5	1772	1790
Soya Bean	100 KGS	Indore	NA	NA	NA
Mustrdsd JPR	20 KGS	Jaipur	517.7	515.5	511.45
Sesame Seed	100 KGS	Rajkot	6188	6188	6125
Coconut Oil Cake	100 KGS	Kochi	1014	1014	1014
RCBR Oil Cake	1 MT	Raipur	4931	4950	4925
Kapaskhali	50 KGS	Akola	564.5	561.6	560.8
Coconut Oil	100 KGS	Kochi	4940	4940	4940
Refsoy Oil	10 KGS	Indore	483.25	481.4	478.75
CPO	10 KGS	Kandla	361.2	360	355
Mustard Oil	10 KGS	Jaipur	485.5	484.6	484.5
Ngutoilexp	10 KGS	Rajkot	535	548.3	542.5
Castor Oil	10 KGS	Kandla	490	488	483
Crude Oil	1 BBL	Mumbai	3245	3222	3222
Furnace Oil	1000 KGS	Mumbai	25367	25367	25191
Sourcrd Oil	1 BBL	Mumbai	3236	3236	3134
Brent Crude	1 BBL	Mumbai	3208	3178	3178
Gur	40 KGS	Muzngr	1054.5	1055.9	1048.6
Sugars	100 KGS	Kolhapur	2392	2390	2380
Sugarm	100 KGS	Delhi	2483	2539	2535
Natural Gas	1 mmBtu	Hazirabad	179.7	182.1	182.1
Rubber	100 KGS	Kochi	9986	9993	9993
Cotton Long	1 Candy	Kadi	23480	23510	23530
Cotton Med	1 Maund	Abohar	2495	2498.5	2478.5
Jute	100 KGS	Kolkata	2609	2628	2634
Gold	10 GRMS	Ahmd	14838	14640	14610
Gold Guinea	8 GRMS	Ahmd	11870	11712	11688
Silver	1 KGS	Ahmd	23440	22875	23015
Sponge Iron	1 MT	Raipur	14215	14200	13800
Steel Flat	1000 KGS	Mumbai	29410	29380	28860
Steel Long	1 MT	Bhavnagar	23965	23875	23530
Copper	1 KGS	Mumbai	239.25	237.05	237.05
Nickel	1 KGS	Mumbai	687.5	687.5	678.6
Aluminium	1 KGS	Mumbai	73.25	73.25	74.4
Lead	1 KGS	Mumbai	77.9	77.9	76.55
Zinc	1 KGS	Mumbai	73.2	73.2	72.05
Tin	1 KGS	Mumbai	692.75	692.75	695.25

(Source: MCX Spot Prices)

**Libor Climbs Most Since March on Bets for Fed Rate Increase**

The cost of borrowing in dollars between banks rose the most in almost three months on growing speculation policy makers will start increasing interest rates by the end of the year.

The London interbank offered rate, or Libor, for three-month loans jumped two basis points to 0.65 percent on 8 June, according to the British Bankers' Association. It was the biggest increase since March 10. The Libor-OIS spread, a measure of the unwillingness of banks to lend, climbed for the first time in four days, widening almost three basis points to 42 basis points.

Signs that the global economy is emerging from the deepest slump since World War II are fueling bets the Federal Reserve will raise its target interest rate by year-end. Fed funds fu-

tures showed a 32 percent likelihood that the central bank will lift its target rate to 0.5 percent at its September meeting, up from a 16 percent chance a week ago.

Contracts in the forward market show traders are betting the Libor-OIS spread will widen to 62 basis points by December, according to data compiled by Tullett Prebon Plc, the second-biggest broker of interbank transactions after ICAP Plc.

**Ted Spread**

Lending between banks began to seize up in August 2007, when losses linked to the collapse of U.S. subprime mortgages left financial institutions with billions of dollars in securities and financial contracts they couldn't value. Losses

and writedowns at the world's biggest financial companies since the start of 2007 have grown to \$1.47 trillion.

The TED spread, the difference between what the Treasury and banks pay to borrow for three months, widened for the first time in five days, increasing to three basis points to 48 basis points on 8 June.

Libor, used to set borrowing costs on about \$360 trillion of financial products globally, jumped to 4.82 percent after the collapse of Lehman Brothers Holdings Inc. The Libor-OIS spread, which averaged 11 basis points in the five years preceding the credit squeeze, rose to 3.64 basis points. It is still 17 basis points above the level former Fed Chairman **Alan Greenspan** said he considered "normal."

Royal Bank of Canada quoted the highest rate on 8 June for three-month dollar loans, at 0.83 percent, while Deutsche Bank AG contributed the lowest, at 0.54 percent, a difference of 29 basis points. That compares with a dispersion of 28 basis points at the end of last week.

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**US, SACU Anticipate Future Cooperation on Trade**

Trade negotiations between the United States and the members of the Southern African Customs Union (SACU) have picked up speed in the past few months, contrary to some recent news reports, a USTR source confirmed on Wednesday. Support from the new US and South African Administrations, as well as continued collaboration from the other SACU members, has provided a "new opportunity to advance co-operation," the source said.

Free trade negotiations between the US and SACU – which includes South Africa, Botswana, Namibia, Lesotho, and Swaziland – were mutually suspended in 2006. Since that time, the trading partners have actively pursued a Trade, Investment, and Development Cooperative Agreement (TIDCA), which was signed in July 2008. "Everyone was disappointed the free trade agreement did not bear fruit, but [the US has] a positive relationship with SACU," the USTR source stated. "The TIDCA is a significant agreement." With the TIDCA in place, the trading partners expect to make further progress under the new administrations.

The TIDCA is a framework agreement that establishes a forum and guiding principles for parties to discuss trade and investment. This US-SACU agreement places special emphasis on technical barriers to trade, customs co-operation, sanitary and phytosanitary measures, and trade and investment promotion. Under the TIDCA framework, the parties will establish working groups to reach trade arrangements in these areas.