Postal Regn.No. DL(C)-01/1251/12-14
Licence to Post without Prepayment U(C)-30/12-14
RNI No. 42906/84

WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 $2

Vol. XXXI No 12 11 - 17 June 2014

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

Annual subscription Rs 750

African Countries Deflate Bali Pact in Trade Facilitation, Drafting Postponed

The process of drafting a protocol that would formally incorporate the WTO's Trade Facilitation Agreement into the rest of the global trade body's set of rules hit a rough patch this week, sources say. The drafting has now been postponed temporarily, after the African and Least Developed Country Groups called for the deal to be implemented on a "provisional" basis pending the conclusion of the overall Doha Round trade talks, sparking debate among members.

The Trade Facilitation Agreement, or TFA, was the main outcome of the WTO's Ninth Ministerial Conference in Bali, Indonesia, last December, together with a few separate decisions on agriculture and development issues.

The hard-won deal is the first multilateral trade pact since the WTO opened its doors in the mid-1990s, and the first concrete deliverable from the Doha Round negotiations since they kicked off in late 2011. Some estimates, such as those of the Washington-based Peterson Institute for International Economics, have placed the potential gains from the pact – which aims to reduce red tape and unnecessary delays for goods to cross borders – at up to US$1 trillion.

Trade Facilitation Hits Africa Rock !

Since then, WTO members have placed bringing the deal into force as their top priority for the coming months, together with outlining a work programme by year's end for how to resolve the various other outstanding issues within the Doha Round.

Norway protocol proposal

The Preparatory Committee on Trade Facilitation, which is being chaired by Esteban Conejos – the Philippines' ambassador to the WTO – has been tasked with performing whatever functions may be necessary to help the TFA enter into force.

The committee was meeting this week to begin the protocol drafting process, after having completed a legal review of the English version of the text earlier this month. This drafting work must be completed in time for the WTO General Council – the organisation's highest decision-making body outside of the ministerial conference – to formally adopt the protocol by end-July.

This, in turn, would allow for the WTO to open the protocol for acceptance by 31 July of next year, in line with what ministers agreed in Bali. Two-thirds agreement by the membership is required for the deal to enter into force.

A draft proposal for the Protocol has been put forward by Norway, under the document number WT/PCTF/W/1. The two-page Norwegian proposal is for both a General Council Decision and a Protocol amending the Marrakesh Agreement that established the WTO, and outlines the next steps for the TFA in light of the timelines set by ministers in Bali.

African, LDC Group call for provisional TFA implementation

According to sources familiar with this week's committee meeting, Lesotho presented a paper on behalf of the African Group on Monday that specifically asked WTO members to implement the trade facilitation pact on a provisional basis, in line with paragraph 47 of the Doha Ministerial Declaration.

That particular paragraph says that the "conduct, conclusion, and entry into force of the outcome of the [Doha Round] negotiations shall be treated as parts of a single undertaking." However, it also allows that agreements reached prior to the end of the full Round be implemented on "a provisional or a definitive basis," with such agreements be then taken into account when assessing the balance of the Doha talks as a whole.

The African Group request was in line with the direction given by African Union trade ministers when they met in Addis Ababa, Ethiopia late last month.

Lesotho said this week, additional clarity is needed from WTO members about the funding that developing countries will receive to help them develop the necessary capacity to implement the trade facilitation pact's commitments.

Uganda, on behalf of the LDC Group, said Monday that its coalition will be submitting its own textual proposals, and similarly urged that paragraph 47 be referred to in the Protocol.

Consultations ahead

The suggestions by the African and LDC Groups fuelled an intense debate at this week's committee meeting. Some members, namely various individual African countries, together with Bolivia, Cuba, and Nepal, spoke in support of the groups' suggestions.

Others, such as the EU, US, and Mexico, reportedly warned that the suggestion put forward by the African and LDC Groups could get in the way of the committee's goal of bringing the TFA into force "expeditiously," in line with the Bali mandate. Some have warned that these new proposals on paragraph 47 would essentially go beyond the direction that ministers gave for the Preparatory Committee's work.

US Confirms New Import Duties on Chinese Solar Products

The US Commerce Department announced on Tuesday, 3 June that it would be imposing preliminary countervailing duties on imports of certain Chinese crystalline silicon photovoltaic products – including solar cells, modules, laminates, and/or panels. The anti-subsidy duties are significantly higher than those confirmed in a separate probe two years ago and cover an expanded scope of products, including those partly manufactured in Taiwan.

The investigations were launched by the US government agency in January, in response to a complaint filed by SolarWorld Industries America, the US' largest solar panel manufacturer.

The company had alleged that Chinese producers – following the previous imposition of anti-dumping and countervailing duties in 2012– had gotten around paying said duties by commissioning part or all of the production of these solar cells in Taiwan, and then using such cells to then assemble solar panels back in China.

The new duties, which take effect immediately, range from 18.56 percent to 35.21 percent. Changzhou Trina Solar Energy Co., Ltd. would face the lowest of these duties, while Wuxi Suntech Power Co., Ltd. and five of its affiliates would face the highest. All other Chinese producers will be subject to a rate of 26.89 percent, Commerce said.

The duties announced on Tuesday exclude those products already affected by the 2012 duties, which had ranged from 14.78 to 15.97 percent for those producers under investigation.

Expanded scope

Furthermore, the US agency said, the merchandise subjected to these duties would also include modules, laminates, and/or panels assembled in China, but using cells completely or partly manufactured within another customs territory – ostensibly

Taiwan - that used Chinese-made ingots or wafers in their production process.

Cells whose production began in China and were then completed in another customs territory were also included in the probe.

Beijing fires back

Beijing trade officials promptly slammed the Commerce Department decision, with the Chinese Ministry of Commerce (MOFCOM) issuing a statement in which they claimed that US investigators both ignored the facts and legal basis for conflicting rules of origin on these solar products.

The preliminary duties, MOFCOM added, are an "abuse of trade remedy measures" that is aimed at protecting US industry, and would only serve to reignite bilateral tensions on solar trade.

In addition, the Chinese ministry said, these trade remedies are unlikely to help the US develop its solar sector. Rather, Washington should terminate the investigation in order to "create a good environment" that would promote competitiveness within the photovoltaic industry worldwide.

Help or hindrance?

Imports into the US of these Chinese-made crystalline silicon photovoltaic products were valued at approximately US$1.5 billion in 2013, according to Commerce Department figures. However, whether or not these latest duties are indeed a win for the US solar industry – or could instead cripple its own growth – is a subject that has proven divisive domestically.

SolarWorld, the petitioner in the case, called the decision a "strong win" for the American solar sector, applauding the Commerce Department "for its work that supports fair trade."

The same company had been the main proponent for the original 2012 case, together with several other US solar panel manufacturers that were known collectively as the Coalition for American Solar Manufacturing (CASM). According to SolarWorld, many of the founding members of CASM have since had to shut their doors as a result of the intense competition from China, which the US-based solar giant claims is the result of unfair trade practices.

However, US downstream producers that use these same products in their solar projects – such as those companies represented by the Coalition for Affordable Solar Energy (CASE) – disagree.

Calling the ruling a "major setback" for the American solar industry, the group urged US government officials to continue efforts toward a negotiated settlement with China instead.

Rather than competing with China or Taiwan, he added, US solar companies are really competing against "coal, natural gas, and other forms of electricity generation that solar has only recently been able to beat on cost."

The spats have not been limited to these two countries alone. The EU and China engaged in a similarly heated row last year, with the disagreement being defused only by an eleventh-hour "price undertaking" deal that committed Chinese manufacturers to exporting a set volume of solar products at a minimum price in order to avoid hefty anti-dumping duties from Europe.

While the US was involved in the early discussions on this price undertaking agreement, it ultimately was not involved in the final pact.

Australia, meanwhile, announced last month that it was launching its own anti-dumping investigation into Chinese solar imports, while India has recently imposed anti-dumping duties on products from the US, China, and various other countries.

Exports Revive in May, Up 12.4%

Imports Fall 11.4%, Demand Sluggish

Exports (including re-exports)

Exports during May, 2014 were valued at US $ 27998.50 million (Rs.166045.09 crore) which was 12.40 per cent higher in Dollar terms (21.17 per cent higher in Rupee terms) than the level of US $ 24910.59 million (Rs. 137035.13 crore) during May, 2013. Cumulative value of exports for the period April-May 2014-15 was US $ 53632.58 million (Rs 320763.69 crore) as against US $ 49264.36 million (Rs 269460.46 crore) registering a growth of 8.87 per cent in Dollar terms and growth of 19.04 per cent in Rupee terms over the same period last year.

Imports

Imports during May, 2014 were valued at US $ 39233.24 million (Rs.232672.72 crore) representing a negative growth of 11.41 per cent in Dollar terms and negative growth of 4.49 per cent in Rupee terms over the level of imports valued at US $ 44284.54 million (Rs. 243612.77 crore) in May, 2013. Cumulative value of imports for the period April-May 2014-15 was US $ 74953.27 million (Rs 448266.65 crore) as against US $ 86310.41 million (Rs 472131.36 crore) registering a negative growth of 13.16 per cent in Dollar terms and negative growth of 5.05 per cent in Rupee terms over the same period last year.

Crude Oil and Non-Oil Imports

Oil imports during May, 2014 were valued at US $ 14464.9 million which was 2.5 per cent higher than oil imports valued at US $ 14119.5 million in the corresponding period last year. Oil imports during April-May, 2014-15 were valued at US $ 27442.7 million which was 1.0 per cent higher than the oil imports of US $ 27173.0 million in the corresponding period last year.

Non-oil imports during May, 2014 were estimated at US $ 24768.3 million which was 17.9 per cent lower than non-oil imports of US $ 30165.0 million in May, 2013. Non-oil imports during April-May, 2014-15 were valued at US $ 47510.6 million which was 19.7 per cent lower than the level of such imports valued at US $ 59137.4 million in April-May, 2013-14.

Trade Balance

The trade deficit for April-May, 2014-15 was estimated at US $ 21320.69 million which was lower than the deficit of US $ 37046.05 million during April-May, 2013-14.

Exports & Imports: (US $ Million)

(Provisional)

	May	April-May
Exports (including re-exports)		
2013-14	24910.59	49264.36
2014-15	27998.50	53632.58
%Growth2014-15/ 2013-14	12.40	8.87
Imports		
2013-14	44284.54	86310.41
2014-15	39233.24	74953.27
%Growth 2014-15/ 2013-14	-11.41	-13.16
Trade Balance		
2013-14	-19373.95	-37046.05
2014-15	-11234.74	-21320.69

Dear Reader:

The Weekly Index of Changes with World Trade Scanner Issue No. 12 is a combined issue, i.e., Issue No. 11 and 12 dated 04 to 17 June 2014.

Editor

DG Safeguards Initiates Investigation on Sodium Dichromate Import on Vishnu Chemicals Hyderabad Complaint

[Safeguard Initiation Notification F.No. D-22011/05/2014 dated 26th May 2014]

Sub: Initiation of Safeguard Investigation concerning Imports of "Sodium di-chromate" into India.

An application has been filed before me under Rule 5 of the Custom Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997, by M/s. Vishnu Chemicals, Flat No 1, Suvarna House, Sangeethanagar Colony, Somajiguda, Hyderabad-500082 for imposition of Safeguard Duty on imports of "Sodium dichromate" into India to protect the domestic producer of Sodium dichromate against serious injury /threat of serious injury caused by the increased imports of Sodium dichromate.

2. Domestic Industry

The application has been filed by. M/s. Vishnu Chemicals, Flat No 1, Suvarna House, Sangeethanagar Colony, Somajiguda, Hyderabad-500082 for imposition of Safeguard Duty on imports of Sodium dichromate. The applicants account for more than 70% of the total production of Sodium dichromate in India.

Product under consideration

The present application is filed for imposition of Safeguard duty on imports of "Sodium dichromate" which is PUC. The product under consideration is classifiable under Customs sub –heading No.28413000

3. Period of investigation (POI)

Present application is a fresh case based on serious injury /threat of serious injury to domestic industry caused by increased import of Sodium dichromate into India. The POI in the case has been taken from 2010-11 to 2013-14.

4. Source of information

The import data for the product under consideration has been taken from DGCI&S till January, 2014 and same has been relied upon and taken into consideration for analysis. The domestic data from 2010-11 to 2013-14 has been submitted by the applicant and the same has been verified by on-site visits to the manufacturing units of the domestic industry by the department. The verified data has been taken into consideration for injury analysis.

5. Increased Imports

Imports of Sodium dichromate into India have shown significant increase. The data relating to imports of Sodium dichromate from 2010-11 to Jan 2014 as per DGCIS data, is as under:

Financial Year	Total Import (MT)	Import Indexed
2010-11	4765	100
2011-12	5516	116
2012-13	7205	151
2013-14 (upto Jan 2014)	9503	-
2013-14 (Annalized)	11404	239

It is evident that imports of the product under consideration have sharply increased during the injury period. The imports have increased from 4765 MT in 2010-11 to 11404 MT till 2013-14 (Annualized.) recording an increase of 139 %. Thus, import has increased on absolute basis during the entire period of investigation.

6. Serious Injury to the Domestic industry

The applicants (hereinafter referred to as DI) have claimed that the increased imports of Sodium dichromate have caused and are threatening to cause serious injury to the domestic producers of Sodium dichromate .The threat of serious injury to domestic industry is clearly visible from the data provided by the applicants as detailed below:

a) Production: The domestic production of DI decreased up to FY2012-13, but increased marginally in year 2013-14. The production index of Domestic Industry fell to 96 in 2013-14 from 100 in FY 2010-11, as shown below:

Financial Year	Production (MT)	Production Indexed
2010-11	30407	100
2011-12	30383	100
2012-13	28608	94
2013-14	29128	96

b) Increased Imports w.r.t total production: Sodium dichromate is imported into India from a number of countries, and mainly from. South Africa, Russia and Kazakhistan The imports of Sodium dichromate have shown an increasing trend in absolute terms as well as compared to the total production. The imports and production of Sodium dichromate during financial year 2010-11 to 2013-14 are as under:

Financial Year	Total Imports (MT)	All India Production (MT)	% of Increase in import with respect to production
2010-11	4765	42487	11.22
2011-12	5516	42463	12.99
2012-13	7205	39188	18.39
2013-14	11404	39708	28.72

The Imports have increased from 4765 MT in 2010-11 to 11404 MT in 2013-14 (Annualised) which shows an increase of 139%. The import with respect to total production was 11.22 % in 2010-11 and increased to 28.72 % in 2013-14.

c) Market Share & Changes in levels of Sales:

Financial Year	Import (MT)	Sales of DI (MT)	Sales of other Indian Producers(MT)	Total Demand (MT)	% of Market Share	
					DI	Import
2010-11	4765	12138	12080	43320	28	11
2011-12	5516	12846	12080	43499	30	13
2012-13	7205	17151	10580	46148	37	16
2013-14	11404	15780	10580	51355	31	22

Market share of the DI has declined sharply in the recent period (2013-14) whereas share of the import has increased significantly. Applicant had a market share of 37% in 2012-13, it has declined to 31 % in year 2013-14. During the same period market share of import has increased from 16% to 22%. It clearly shows that the DI suffered noticeable loss in sales as well as market share, caused by increased imports during the recent period (2013-14)

d) Capacity Utilization: The increasing imports are resulting in significant idling of production capacity of the domestic producers. The capacity utilization by the DI has remained constant during period of investigation as can be seen in the Table below:

Financial Year	Installed Capacity (MT)	Production (MT)	Capacity Utilisation (%)
2010-11	93200	30407	33
2011-12	86000	30383	35
2012-13	86000	28608	33
2013-14	86000	29129	34

e) Profit/loss –The profitability of the domestic industry has steeply deteriorated and the domestic industry is now suffering financial losses. This is evident from the table below:-

Sr.No.	Year	Unit	2010-11	2011-12	2012-13	2013-14
1	Profit/loss	Rs/Kg	(*.**)	(*.**)	(*.**)	(**.**)
2	Indexed		-100	-82	-162	-313

f) Inventories: In view of surging imports and loss of market share, the inventories with the domestic industry have also increased as compared to base year 2010-11. The table below depicts the inventory levels which have witnessed a surge during period of investigation reflecting the plight of the domestic industry.

Financial Year	MT
2010-11	429
2011-12	1094
2012-13	851
2013-14	513

g) Productivity*:* The productivity has gone down during the entire period of investigation.. However, DI has witnessed increase in productivity in the year 2013-14.

Financial Year	Production (MT)	Productivity per day (MT)
2010-11	30407	86.88
2011-12	30383	86.81
2012-13	28608	81.74
2013-14	29129	83.23

h) Employment:

Financial Year	Nos
2010-11	537
2011-12	509
2012-13	491
2013-14	490

The employment has shown continuous decreasing trend during the period of investigation period

7. The DI has requested in their application for immediate imposition of Safeguard duty on imports of Sodium dichromate into India for a period of four years. They have also requested for imposition of provisional Safeguard duty in view of the steep deterioration in performance of the domestic industry due to serious injury and threat to serious injury as a result of increased imports of the product under consideration.

8. The application has been examined and it has been found that prima facie increased imports of Sodium dichromate have caused and are threatening to cause serious injury to the domestic producer of Sodium dichromate and as such it has been decided to initiate an investigation in the matter through this notice.

9. All interested parties may make their views known **within a period of 30 days** from the date of this notice to:

The Director General (Safeguards)
Bhai Vir Singh Sahitya Sadan; 2nd Floor,
Bhai Vir Singh Marg,
Gole Market, New Delhi-110 001, India
Telephone: 011- 23741537
Fax: 011-23741542
E-mail: dgsafeguards@nic.in

10. All known interested parties are also being addressed separately.

11. Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) on the aforementioned address **within 15 days** from the date of this notice.

Carnet System for Exhibitions Import from Taiwan

Ntfn 10
12.05.2014
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods described in Schedule I annexed hereto, when imported into India for display or use at any event specified in Schedule II from the **whole of the duty of customs** leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and from the **whole of the additional duty** leviable thereon under section 3 of the said Customs Tariff Act, subject to the conditions that, -

(1) the event specified in Schedule II annexed hereto is being held in public interest and is sponsored or approved by the Government of India or the India Trade Promotion Organisation;

(2) the said goods are imported under an FICCI/ TAITRA Carnet (hereinafter referred to as the Carnet) issued in accordance with the Agreement between the India-Taipei Association in Taipei and the Taipei Economic and Cultural Center in India on the FICCI/TAITRA Carnet for the Temporary Admission of Goods signed on 20th March, 2013 and reproduced in Schedule III annexed hereto and the Carnet is guaranteed by the Federation of Indian Chamber of Commerce and Industry in India (hereinafter referred to as FICCI);

(3) the said goods in all respects conform to the description, quantity, quality, value and other specifications given in the Carnet duly certified by the Customs authorities in the territory of exportation;

(4) the said goods shall be exported within a period of six months from the date of importation:

Provided that where the goods are exported within the said period of six months and again re-imported, the period of six months shall be computed from the date of its first importation:

Provided further that when the Deputy Commissioner of Customs or Assistant Commissioner of Customs is satisfied that it is necessary in the public interest so to do, he may extend the said period of six months by a further period not exceeding six months;

(5) in the event of failure to export the goods within the period specified in condition (4), the customs duty leviable on the goods as on the date of clearance shall be paid by FICCI:

Provided that FICCI shall not be liable to pay the customs duty in cases where the said goods are sold in exhibitions or fairs or otherwise disposed of in India in accordance with any law for the time being in force applicable to such goods and on payment of the duties of Customs which are payable in respect of such goods.

2. Nothing contained in this notification shall apply to goods imported through the medium of post.

3. This notification shall come into force on the date of its publication in the Official Gazette.

[F. No. 18000/1/2013-OSD(ICD)]

Schedule -I

(a) Goods intended for display or demonstration;

(b) Goods intended for use in connection with the display of foreign products, including -

(i) goods necessary for the purpose of demonstrating machinery or apparatus to be displayed;

(ii) construction and decoration material including electrical fittings, for the temporary stands of foreign exhibitors;

(iii) advertising and demonstration materials which are demonstrably publicity material for the goods displayed, for example, sound recording, films and lanterns, slides and apparatus for use therewith;

(iv) equipment including interpretation, apparatus, sound recording apparatus and films of an educational, scientific or cultural character intended for use at international meetings conferences or congresses.

Schedule II

Events

(a) Trade, industrial, agricultural or crafts exhibition, fair, or similar show or display;

(b) Exhibition or meeting which is primarily organised for a charitable purpose;

(c) Exhibition or meeting which is primarily organised to promote any branch of learning, art, craft, sport or scientific, educational or cultural activity to promote friendship between people, or to promote religious knowledge or worship;

(d) Meeting of representatives of any international group of organisations;

(e) Representative meeting of an official of commemorative character.

Explanation:- The events specified in this Schedule do not include exhibitions organised for private purposes in shops or business premises with a view to promote the sale of foreign goods.

Full text of Notification is available at our website www.worldtradescanner.com

Tobacco Board to Issue Origin Certificate for Tobacco Products under GSTP

Subject: Amendment in Public Notice No.59/2009-14(RE2013)/ dated 15.05.2014-Inclusion of an agency under Appendix 4D.

61-PN(RE)
03.06.2014
(DGFT)

In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy, 2009 2014, the Director General of Foreign Trade hereby makes the following amendment in the Public Notice No. 59/2009-14(RE-2013)/ dated 15.05.2014.

2. The existing list of Agreements with respective agencies authorized to issue Certificate of Origin (Preferential) as at S. No. 1 of the Public Notice No. 59/2009-14(RE-2013)/ dated 15.05.2014 is as under:

SNo.	Name of the Agreement	Authorized Agencies
1	Global System of Trade Preferences (GSTP)	(i) Export Inspection Council (EIC)-for all goods (ii) Marine Products Export Development Authority (MPEDA)-for Marine products

3. The "Tobacco Board" is also hereby authorized to issue Certificate of Origin (Preferential) under Global System Of Trade Preferences (GSTP). Accordingly, the amended S.No.1 of Appendix 4D would read as under:

SNo.	Name of the Agreement	Authorized Agencies
1	Global System of Trade Preferences (GSTP)	(i) Export Inspection Council (EIC)-for all goods (ii) Marine Products Export Development Authority (MPEDA)-for Marine products (iii) Tobacco Board for Tobacco products

4. There is no other change in the content of Appendix 4D.

5. Effect of Public Notice

Tobacco Board has also been authorized to issue Certificate of Origin for Tobacco products under Global System of Trade Preferences (GSTP) with immediate effect.

Importers Allowed to Book Forward Contracts upto 50% on Past Performance Route

Sub: Risk Management and Inter Bank Dealings

AP(DIR Srs) Cir.135 27.05.2014 (RBI)

Attention of Authorised Dealers Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA/25/RB-2000 dated May 3, 2000) as amended from time to time and A.P. (DIR Series) circular no. 32 dated December 28, 2010, as amended from time to time, and A.P. (DIR Series) circular no. 114 dated March 27, 2014.

2. Under the extant guidelines relating to hedging of currency risk of probable exposures based on past performance, resident importers are allowed to book contracts up to 25 per cent of the eligible limit. The eligible limit is computed as the average of the previous three financial years' import turnover or the previous year's actual import turnover, whichever is higher.

3. On a review of the evolving market conditions and with a view to providing importers with greater flexibility in hedging facility, it has been decided to allow importers to book forward contracts, under the past performance route, up to 50 per cent of the eligible limit. Importers who have already booked contracts up to previous limit of 25 per cent in the current financial year, shall be eligible for difference arising out of the enhanced limits. All other operational guidelines, terms and conditions shall apply mutatis mutandis.

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

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

Banks Given Powers to Convert Inoperative Forex Accounts to Rupees

Sub: Crystallization of Inoperative Foreign Currency Deposits

AP(DIR Srs) Cir.136 28.05.2014 (RBI)

The Reserve Bank of India, in exercise of the powers conferred by subsections (1) and (5) of Section 26(A) of the Banking Regulation Act, 1949 (10 of 1949) has formulated the Reserve Bank (Depositor Education and Awareness Fund) Scheme, 2014. This Fund will be credited with the credit balances of any account in India with a banking company which has not been operated for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years within a period of three months from the expiry of ten years.

2. With the objective of aligning the instructions in respect of foreign currency accounts with the above scheme, Reserve Bank of India has issued Foreign Exchange Management (Crystallization of Inoperative Foreign Currency Deposits) Regulations, 2014 vide Notification No. FEMA 10A/ 2014-RB dated March 21, 2014 under Foreign Exchange Management Act (FEMA), 1999 relating to inoperative foreign currency deposits.

3. Accordingly, Authorised Dealer banks shall crystallise, that is, convert the credit balances in any inoperative foreign currency denominated deposit into Indian Rupee, in the manner indicated below:

(i) In case a foreign currency denominated deposit with a fixed maturity date remains inoperative for a period of three years from the date of maturity of the deposit, at the end of the third year, the authorised bank shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at the exchange rate prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

(ii) In case of foreign currency denominated deposit with no fixed maturity period, if the deposit remains inoperative for a period of three years (debit of bank charges not to be reckoned as operation), the authorised bank shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

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

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

DGFT Establishes Online Complaint Resolution System for EDI Problems

Subject: Online complaint resolution system relating to EDI issues

25-TN 04.06.2014 (DGFT)

An online complaint resolution system relating to EDI issues has been established where users can file online complaint. User can go to 'icon' "EDI complaint resolution" and feed following data in the system to get the issues addressed. A key number for each complaint will be generated which can be followed up by the users and DGFT officials for early resolution of issues. If the issue is not resolved in 5 working days email may be sent to Shri Anil Kumar Sinha, DDG(NIC) – anilksinha@nic.in.

2. All stakeholders are requested / encourage to use the facility of online complaint resolution system relating to EDI issues with effect from 04.06.2014

IEC:
Issue:
e-mail:

Maha Govt Bans Pharma Exports by Post, Dealers Allege US Pressure, Plans Meet with Nirmala

The Indian Pharmaceutical Dealer's Association (IPDA), the largest association of pharmaceutical dealers in e-commerce, has demanded immediate lifting of the ban by Maharashtra government on pharma exports. The association claimed on Tuesday that the ban has caused a huge setback to the industry.

Pharma companies in state claim to be suffering losses of over Rs 4 crore everyday since February, when Maharashtra Food and Drug Administration (FDA) banned exports of pharma products through parcel posts. Navneet Verma, IPDA secretary from Mumbai, claimed that the association has over 50 pharma manufacturers and export members. He said, "State should immediately intervene to stop harassment on the pretext of curbing clandestine activities. There is an issue of illegal exports, but because of some black sheep all others are suffering losses."

Parcel post accounted for 30% of the total $2 billion (Rs 12,000 crore) global e-commerce market for pharma industry. This has completely crashed since February and caused huge revenue loss to the government as well. Maharashtra FDA has often cited violation of Drug & Cosmetics Act of 1940, to impose the ban. However, the Drugs and Cosmetics Act is not even applicable on exports, claims the association. It is meant to merely regulate manufacture, stocking or selling of drugs within the country.

Medicine export falls under the 'Foreign Trade Policy' and not under Drugs and Cosmetic Act. Hence FDA cannot take ban export, say IPDA members. The business is monitored by the Reserve Bank of India and undertaken with the approval of Assistant Drug Controller of India and the customs department. Also, the powers of state drug regulatory authorities of any Indian state are limited to the manufacture and sale of medicines in that state. While state authorities can order a company to stop manufacturing a medicine under certain circumstances, it cannot issue an order to specifically ban medicine exports.

Verma went on to level serious charges against the state FDA, saying that it is working at the behest of American pharma lobby, which has been spending millions of dollars annually to kill competition from small and medium-scale generic pharma companies in India.

India Moves Up to No. 2 in World Textiles Export, Maintains 6th Position in Garment

Data released by the Apparel Export Promotion Council, the industry body for garment exporters, showed that India's textiles exports were estimated at $40 billion in 2013, compared with China's $274 billion. Textiles includes everything from fibre and yarn to fabric, made-ups and readymade garments made of cotton, silk, wool and synthetic yarn.

Over 55% of the global trade relates to readymade garments, where India ranked sixth in 2013 with exports of $16 billion, which is around 40% of the country's textiles exports. India beat Turkey to move up a notch. For China the share of garments is estimated at close to 60%, indicating that the government needs to provide a bigger fillip to the readymade industry.

Apart from China, Italy and Germany, smaller countries such as Bangladesh and Vietnam have overtaken India in recent years as major suppliers to retail chains in Europe and the US on the back of cheap labour and lower-duty access.

The industry had expected part of the business from Bangladesh to shift to India after accidents in factories raised safety concerns. But it managed to log 18% growth in the garments segment in 2013, compared to global growth of 6%.

Over the past few months the Indian garment industry has staged a recovery of sorts which can be seen in the 23% rise in exports of shirts, trousers, skirts and other readymades during 2013. Exporters said a change in focus to markets beyond the US and the EU has helped.

"Despite having slow recovery in the US and EU, our biggest traditional markets as well as prevailing global slowdown coupled with sustained cost of inflationary inputs, we made the best possible efforts to reach here. The government policy of diversification of market and product base has helped us and we ventured into the newer markets, which paid huge dividends. We also leveraged our raw material strengths and followed sustained better compliance practices which attracted the buyers and international brands across globe to source from India," said AEPC chairman Virender Uppal.

In recent years, UAE, Oman, Brazil, Malaysia, Poland and the Russian Federation have seen a spurt in growth.

CII Demands Low Duty on Iron Ore in Budget

Arguing that India has more than sufficient iron ore resources, industry body CII said on 10 June there is a need to reduce export duty on the key steel-making raw material.

Asked whether the current 30% export duty on iron ore should be brought down, pat came the reply from CII's National Committee on Mining Chairman Nik Senapati, "Yes."

"There is enough iron ore in the country to satisfy the need of all steel makers for the foreseeable future. There is enough for the growing steel industry," said Senapati, who also heads mining giant Rio Tinto's India operations.

India's installed steel manufacturing capacity currently stands at about 100 million tonnes and is projected to triple in another 10-15 years. It takes about 1.6 tonnes of iron ore to produce one tonne of steel.

"India is rich in resources. Iron ore resources are defined as what have been explored at the moment. It is by far not explored. One can't guarantee this, but it is most likely that there are more iron ore reserves...Much more," he said.

However, the deficiency lies in exploration, he said.

India, which was the third-largest iron ore exporter in the world in the not-so-distant past, has lost that status and market share allegedly due to the higher export duty. India's iron ore exports came down to 14.42 million tonnes in 2013-14 from 117.37 million tonnes in 2009-10.

Senapati said the country should prioritise restarting of closed mines in a transparent manner and in compliance with the Supreme Court's directive and it should ensure that the sector gets enough investment.

He also said the country should allow the transfer of a lease from one company to another to ensure profit.

Russia, Belarus and Kazakhstan Announce Eurasian Economic Union

Russia, Belarus, and Kazakhstan inked a deal last week to formally establish an economic union between them, capping approximately two decades' worth of talks. The bloc – termed the Eurasian Economic Union – notably does not include Ukraine, and comes at a time where Moscow's geopolitical rift with many of its Western partners shows no sign of resolution.

Meanwhile, the Ukrainian government under President-elect Petro Poroshenko has lately reaffirmed its interest in signing a long-awaited trade pact with the European Union. His predecessor, Viktor Yanukovych, had chosen not to sign the pact late last year, in a decision which sparked the Ukraine crisis and ultimately ousted him from office.

Which integration project Ukraine would eventually join – and what it would mean, in both economic and geopolitical terms – has been a hot topic on the international agenda for months. Russia had long lobbied against Ukraine signing onto the EU trade deal, arguing that it would be incompatible with its own Eurasian integration initiative, while European officials had insisted that any decision should be solely up to Ukraine, without outside pressure.

In the wake of the Ukraine crisis, analysts have remarked on an apparent increase in interest on Russia's behalf on cementing other trade ties, given the growing economic isolation it has faced from partners such as the US and EU.

Along with this latest step in the broader Eurasian integration project, Moscow recently clinched a multibillion dollar natural gas deal with Beijing – one that would give Russia an opportunity to focus its energy trade elsewhere, given the EU's wariness of continuing its own heavy reliance on Russian gas sources.

Meanwhile, leaders of the G-7 industrialised countries – Canada, France, Germany, Italy, Japan, the United Kingdom and the United States– are meeting this week in Brussels, where their relationship with Russia is expected to be one of the main items on their agenda.

The G-7 had decided to suspend its participation in the G-8 summit – essentially the same group, together with Russia – in light of recent events, as Moscow holds the rotating presidency of this latter configuration.

2015 launch

The new Eurasian Economic Union would enter into force at the beginning of next year, and is expected to cover a market of 170 million people– a size that could grow should Armenia and Kyrgyzstan also join. The latter two have both expressed interest in the agreement, and leaders from the three current members have indicated that their entry will be approved in the coming months.

The planned economic union, which builds upon an existing customs union between the three same countries, was announced in the Kazakh capital of Astana late last week, with that country's president referring to the decision as the launch of a "new geo economic reality."

Even so, Kazakh President Nursultan Nazarbayev acknowledged, the process ahead will not be easy for the three neighbours.

The deal had stumbled in recent months over a disagreement between Moscow and Minsk on oil duties. However, Russia recently agreed that it would send 23 million tonnes' worth of duty-free oil this year to Belarus. Meanwhile, Belarus – which exports oil products back to Russia – would be able to keep US$1.5 billion next year of the usual duties it pays on sending those latter goods back across the border.

Russian President Vladimir Putin, who has come under fire from his Western partners in recent months over his handling of the Ukraine crisis, also highlighted that the Union's members had faced "heated disputes" and "serious disagreements" in their efforts to clinch a deal. However, he noted, the final result has "an enormous production, research, and technological potential and huge natural resources" – one that could prove attractive to others.

Goods, services, capital, and labour will be able to move unhindered, officials said. However, Belarus' Lukashenko acknowledged, some issues involving their trilateral economic cooperation – especially those involving trade – will be addressed at a later time in order to facilitate continued work on these areas.

Tariff Value of Gold and Silver Falls by $16/10 gms and $33/kg Respectively

- Crude Soyabean Oil Tariff Value Up by $16/MT; Palm Oil and Palmolein $7/MT
- Crude Palm Oil Tariff Value Down by $8/MT

44-Cus(NT) 30.05.2014 (DoR) In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S.O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted namely:-

"Table-1

SNo.	Chapter/heading/sub-heading/tariff item	Description of goods	Tariff value US $ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	897
2	1511 90 10	RBD Palm Oil	945
3	1511 90 90	Others – Palm Oil	921
4	1511 10 00	Crude Palmolein	953
5	1511 90 20	RBD Palmolein	956
6	1511 90 90	Others – Palmolein	955
7	1507 10 00	Crude Soyabean Oil	962
8	7404 00 22	Brass Scrap (all grades)	3890
9	1207 91 00	Poppy seeds	3255

Table-2

SNo.	Chapter/heading/sub-heading/tariff item	Description of goods	Tariff value (US $)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/ 2012-Customs dated 17.03.2012 is availed	408 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/ 2012-Customs dated 17.03.2012 is availed	617 per Kilogram

Table-3

SNo.	Chapter/heading/sub-heading/tariff item	Description of goods	Tariff value (US $ Per Metric Tons)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	1908

[F. No. 467/01/2014-Cus-5]

Exchange Rates for Customs Valuation

Rupee Gains to 59.85 from 60.10 for Imports w.e.f. 6 June 2014

45-Cus(NT) 05.06.2014 (DoR) In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in super session of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.41/ 2014-CUSTOMS (N.T.), dated the 15th May, 2014 *vide* number S.O. 1292(E), dated the 15th May, 2014, except as respects things done or omitted to be done before such super session, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or *vice versa* shall, ***with effect from 6th June, 2014*** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo.	Currency	Imprted Goods Current	Imprted Goods Previous	Exported Goods Current	Exported Goods Previous
(1)	(2)	(3)			
		(a)		(b)	
Schedule I *– Rate of exchange of one unit of foreign currency equivalent to Indian rupees*					
1.	Australian Dollar	55.80	56.50	54.45	55.10
2.	Bahrain Dinar	162.00	162.70	153.05	153.70
3.	Canadian Dollar	54.90	55.55	53.50	54.10
4.	Danish Kroner	11.00	11.15	10.65	10.80
5.	EURO	81.70	82.80	79.75	80.85
6.	Hong Kong Dollar	7.75	7.75	7.60	7.60
7.	Kuwait Dinar	216.70	217.90	204.45	205.45
8.	Newzeland Dollar	50.75	52.30	49.45	51.00
9.	Norwegian Kroner	10.05	10.20	9.75	9.90
10.	Pound Sterling	100.55	101.15	98.30	98.85
11.	Singapore Dollar	47.80	48.20	46.60	47.10
12.	South African Rand	5.70	6.00	5.35	5.60
13.	Saudi Arabian Riyal	16.30	16.35	15.40	15.45
14.	Swedish Kroner	9.05	9.25	8.80	8.95
15.	Swiss Franc	67.05	67.90	65.20	66.25
16.	UAE Dirham	16.65	16.70	15.70	15.80
17.	US Dollar	59.85	60.10	58.85	59.10
Schedule II *– Rate of exchange of 100 units of foreign currency equivalent to Indian rupees*					
1.	Japanese Yen	58.60	59.25	57.15	57.80
2.	Kenya Shilling	69.85	70.35	65.90	66.30

[F.No.468/01/2014-Cus.V]

Energy markets, however, would not be integrated until 2025, which was reportedly at Russia's request, given the importance it places on oil and gas exports. The country is by far the economic heavyweight of the group, and some experts have suggested that lifting trade barriers with Minsk and Astana could come at an economic cost for Moscow.

The respective parliaments of the three countries will next need to ratify the document, in order to meet the target launch date of 1 January 2015.

Cotton Planting Rises in India as Prices Climb

Cotton seeding in India, the world's second-largest grower, will probably expand for the first time since 2011 after global prices reached a two-year high in March.

The area may increase by 3.4 percent to 12 million hectares (29.65 million acres) in the planting season that started in May. The crop, which will be harvested from October, may be a record for a second year, the Confederation of Indian Textile Industry said, without giving an estimate.

A bigger crop in India, the largest exporter after the U.S., would increase global supplies as demand slows in China, the world's top importer. Futures in New York tumbled 13 percent from the high in March as improving weather aided late seeding of cotton in Texas and on concern Chinese demand would weaken. Futures in Mumbai rallied to a seven-month high in May.

"Farmers have been happy with the prices they have got and they have very limited alternate crops available," Nayan Mirani, vice president of the Mumbai-based Cotton Association of India, said on June 5. "Planting is looking positive and should be the same or even more than last year."

Monsoon Worries

Planting began last month in the northern Indian states of Punjab and Haryana, which are irrigated regions, while sowing in the biggest producing states of Gujarat and Maharashtra starts with the onset of monsoon rain this month. The monsoon, which provides more than 70 percent of annual rainfall, will be 95 percent of a 50-year average from June to September, the India Meteorological Department estimates.

"If the monsoon is below normal, the area under cotton will remain the same or even go up because among the competing crops cotton requires the least amount of water," D.K. Nair, Secretary General of the Confederation of Indian Textile Industry, said from New Delhi. "When there's a water shortage, more people shift to cotton."

An El Nino weather pattern may be established by August as Australia remains on alert for the event that brings drought to the Asia-Pacific region and heavier-than-usual rain to South America, the Bureau of Meteorology said on June 3. The event will reduce monsoon rain and crops from cotton to sugar and rice may be hurt, Newedge LLC said in a report dated June 5.

El Nino Impact

Even if El Nino develops toward the end of the monsoon season, output will not be hurt as cotton doesn't require much moisture, A. Ramani, secretary of the Indian Cotton Federation, which represents 350 spinners, ginners and traders, said by phone from the southern Indian city of Coimbatore last month.

There are indications that area might increase in Gujarat by 10 percent to 15 percent because the farmers have got good prices, Shirish Shah, partner at Bhaidas Cursondas & Co., a Mumbai-based exporter, said. Acreage will also climb in Rajasthan, Telangana and Seemandhra states, he said.

Output in the 12 months starting Aug. 1 may be 6.262 million tons, possibly making India the biggest producer ahead of China, Rebecca Pandolph, a statistician at the International Cotton Advisory Committee, said. China's crop may drop 10 percent to 6 million tons in 2014-2015, the group said.

Exports to China may decline next year as India's biggest buyer is reducing imports, Ramani said, without providing any estimates. Total imports by China tumbled 64 percent to 222,088 tons in the first three months of 2014, customs data show.

India probably exported 9.5 million bales in the year that began Oct. 1, according to Nair. Shipments totaled 9.8 million bales in 2012-2013, the Cotton Association of India estimates.

China Loses to US in Auto Duty Case at WTO

A WTO dispute panel has found a series of Chinese duties on imports of US-made cars and SUVs to be largely in violation of international rules, faulting them on a series of procedural and substantive points, according to a report issued on Friday, 30 May.

While the panel's ruling did issue some findings in Beijing's favour, the case has been hailed by Washington as a victory overall, both for its automobile producers and as a sign that China needs to reconsider the way it conducts trade remedy investigations.

The US filed the original complaint (DS440) in July 2012, charging that China's decision in December 2011 to impose anti-dumping (AD) and countervailing (CVD) duties on American-made cars and SUVs was unjustified.

The anti-dumping duties ranged from 2.0 to 21.5 percent, according to the Office of the US Trade Representative, while the countervailing duties were between 6.2 and 12.9 percent. The duties affected US vehicles with an engine capacity of 2.5 litres or larger.

With China being the second-largest export market for US automobiles – selling US$8.5 billion worth of automobiles to the Asian economy, out of a total US$64.9 billion in exports – the WTO panel's ruling was welcomed by USTR Michael Froman as a "significant victory."

"China's unjustified duties affected an estimated US$5.1 billion of those exports, and applied to well-known models, like the Jeep Grand Cherokee, Jeep Wrangler, Buick Enclave, Cadillac Escalade, and others," he told reporters on Friday.

Mixed ruling

In its ruling last week, the panel found that MOFCOM failed to require the submission of adequate non-confidential summaries of confidential information concerning certain injury factors – namely apparent consumption, return on investment, salary, and sales-to-output ratio – in the petitions for both types of duties.

The panel said that the US had provided sufficient initial evidence to prove that MOFCOM failed to disclose the essential facts to American respondents prior to making its final determination in the AD investigation at issue, and that China failed to rebut that claim. The panel thus found that China acted inconsistently with Article 6.9 of the AD Agreement.

The panel also found that Chinese investigators failed to give "unknown" US exporters the opportunity to provide them with the necessary information, before a determination of a residual AD duty rate could justifiably be made on the basis of "facts available."

For the panel, there was a disparity between the information requested from a producer and the determination of the residual AD duty rate which was ultimately made, on the basis of facts available. This, in turn, undermined the due process rights of the parties concerned. The panel made a similar observation with respect to the CVD investigations.

Commerce & Industry Ministry's Twitter Handle

Nirmala Sitharaman Commerce Minister launched **@CimGOI -** the official Twitter handle of the Ministry of Commerce & Industry, Government of India.

The Twitter handle of the Ministry will let the people know about the important developments taking place.

WIndex No. 12 - 11-17 June 2014

DIndex Delivered Daily by Email

***See details in www.worldtradescanner.com**

Owned, Edited, Published and Printed by Arun Goyal and Printed at Mercury Printers, 602 Choori Walan, Delhi
Published from 24/4866, Sheeltara House, Ansari Road, New Delhi 110002. (INDIA) Phone: 2328 1314; Fax: 91-11-2324 0230
Email:academy.delhi@gmail.com; Website: worldtradescanner.com
This issue contains 8 pages in all