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## No Basic Duty on Crude, Excise on Diesel Cut – Press Note

**[Ministry of Petroleum & Natural Gas Press Note dated 24 June 2011]**

The Empowered Group of Ministers (EGoM) on under-recoveries met on 24<sup>th</sup> June 2011 under the chairmanship of the Finance Minister to consider the alarming situation arising out of projected massive under-recoveries of the Oil Marketing Companies of Rs. 1,71,140 crore for the year 2011-12 in the wake of high international crude oil prices. It took the following decisions to meet the situation:

- (a) Elimination of 5% customs duty on crude oil (and on all petro-products also by 5 percentage points). This will entail a loss of about Rs.26,000 crore to the Government for the full year.
- (b) Reduction in excise duty on diesel (HSD) from Rs.4.60/litre to Rs.2/litre. This will entail a revenue loss of about Rs.23,000 crore to the Government or the full year. It could not be reduced any further as the balance excise

duty is on account of additional excise duty which is earmarked for Central Road Fund and Education Cess.

- (c) Minimal increase in product prices to reduce the under recoveries of the Oil Marketing Companies. The price of Diesel will be increased by Rs.3/litre, PDS Kerosene by Rs.2 per litre and of Domestic LPG by only Rs.50 per cylinder excluding state levies such as VAT. These price revisions will reduce the under-recoveries of OMCs to the extent of approximately Rs.21,000 crore.

As the Government of India has entirely eliminated the customs duty on crude oil, reduced the customs duty on products to the corresponding extent and drastically reduced the excise duty on diesel, it is hoped that the State Governments would also reduce the state levies to a corresponding extent.

### Customs Duty Cut 5% on Crude Petroleum and Petroleum Products

Crude Duty Now Zero while Petroleum Products are at 5%

**Amended Entries are as below:**

SNo.	HS Code	Item Description	Basic Duty	Addl Duty	Condi- tion
487.	2709 00 00	All goods [S.No. 487 inserted by 11/01.03.2005; Duty reduced to Nil from 5% by Ntfn 74/04.06.2008; Duty raised to 5% from Nil by 21/27.02.2010; Duty reduced to Nil from 5% by 52/25.06.2011]	Nil <del>5%</del> Nil <del>5%</del>	-	-
488A.	2710 11	Motor spirits commonly known as petrol [S.No. 488A inserted by 59/14.06.2006; Duty reduced to 2.5% from 7.5% by Ntfn 74/04.06.2008; Duty raised to 7.5% from 2.5% by 21/27.02.2010; Duty reduced to 2.5% from 7.5% by 52/25.06.2011]	2.5% <del>7.5%</del> <del>2.5%</del> <del>7.5%</del>	-	-
488B	2710 19 30	High Speed Diesel (HSD) [S.No. 488B inserted by 59/14.06.2006; Duty reduced to 2.5% from 7.5% by Ntfn 74/04.06.2008; Duty raised to 7.5% from 2.5% by 21/27.02.2010; Duty reduced to 2.5% from 7.5% by 52/25.06.2011]	2.5% <del>7.5%</del> <del>2.5%</del> <del>7.5%</del>	-	-

Ntfn 52  
25.06.2011  
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. **21/2002-Customs, dated the 1st March, 2002** which was published in the Gazette of India, Extraordinary, vide G.S.R.118 (E) 1st March, 2002, namely: -

In the said notification, in the Table,-

- (i) after **S. No 72A** and the entries relating thereto, the following S. No. and entries shall be **inserted**, namely:-

(1)	(2)	(3)	(4)	(5)	(6)
"72B.	2710, 2711, 2712, 2713, 2714 or 2715	All goods, other than goods mentioned at S. Nos. 72 A, 73, 74A,74B, 75E, 76, 77A, 488A and 488B	5%	-	-";

- (ii) against **S. No. 487**, for the entry in column (4), the entry "**Nil**" shall be substituted;
- (iii) against **S. No. 488A**, for the entry in column (4), the entry "**2.5%**" shall be substituted;
- (iv) against **S. No. 488B**, for the entry in column (4), the entry "**2.5%**" shall be substituted;

[F. No. 354/95/2008-TRU (Pt.I)]

## Pascal Lamy Claims Trade Facilitation could cut Trade Costs 10%

Director-General Pascal Lamy, in a speech at the World Customs Organization in Brussels on 24 June 2011, said that according to an OECD study, the implementation of the Trade Facilitation measures discussed in Geneva could reduce total trade costs by almost 10 per cent. "Every extra day required to ready goods for import or export decreases trade by around 4%".

One area which is being discussed as part of the December package is trade facilitation.

It also shows that, successfully implemented, facilitation programs increase customs productivity, improve trade tax collection and attract Foreign Direct Investment.

There is also a positive impact on government revenue with several countries having more than doubled their customs proceeds after introducing trade facilitation reforms.

The scope for improvement is considerable for all parties involved. For OECD countries it currently takes on average about four separate documents and clearing the goods in an average of ten days at an average cost of about \$1,100 per container. By contrast, in sub-Saharan Africa almost double the number of documents are required and goods take from 32 days (for exports) to 38 days (for imports) to clear at an average cost per container of between \$2,000 (for exports) and \$2,500 (for im-



ports). The overall world champion at trade facilitation is Singapore, where four documents are required and goods are cleared in, at most, five days at an average cost of around \$456 per container. At the other end of the scale are many of the low-income developing countries, in particular the landlocked developing countries, whose trade-processing costs can mushroom as a result of the effort required to move goods in transit by road or rail through their neighbours to their nearest international port. According to recent research, every extra day required to ready goods for import or export decreases trade by around 4%.

We will have an opportunity to further discuss trade facilitation and the related technical assistance at the Third Global Aid for Trade Review which will take place in Geneva on 18-19 July and to which Kumio Mikuriya has kindly accepted to participate.

The WTO is now working on measuring trade flows in value added, instead of gross numbers as is the case today. Business increasingly locates the different stages of its activities in a way that optimizes its value-addition chain. The "Made in a particular country" label on the back of a product should really read: "Made in the World". WTO has a website based on the new label.

One positive finding of the report was that global agriculture production is expected to continue outpacing population growth, with production per capita rising slightly. However, this is not the case for all regions: in sub-Saharan Africa, local production is unlikely to keep pace with population-driven demand, leading to increased food deficits.

Inigorating the "food for fuel" debate, the Outlook reports that the projected rise in commodity prices can be blamed on expanding biofuel production. By 2020, it is expected that 13 percent of global coarse grain production, 15 percent of vegetable oil production, and 30 percent of sugar cane production will be used for the production of biofuels.

Maize prices were inflated by as much as 17 percent in this year alone, according to Babcock's findings. In addition, had US ethanol production not increased from its 2004 levels, 2009 maize prices would have been 21 percent lower than they actually were.

Last Thursday, the US Senate voted to make substantial cuts to ethanol subsidies; however, the bill still requires approval from the US House of Representatives and President Barack Obama to become law. The Senate also voted to cut a tariff on imported ethanol.

French Agriculture Minister Bruno Le Maire told reporters on Friday that it is crucial for these G-20 agricultural ministers to reach an agreement on resolving the growing food security problem. Le Maire cautioned that without an agreement in Paris on these issues, the next hundred years could become "the century of hunger."

## OECD Forecasts 20%-30% Hike in Cereal and Food Prices by 2020, Bio Fuels to Blame

High global food prices and volatile commodity markets are expected to persist over the next decade, according to a joint report from the Organisation for Economic Co-operation and Development (OECD) and the United Nations Food and Agriculture Organization (FAO). These issues are likely to be salient points of discussion at this week's meeting of agriculture ministers from the Group of 20 (G-20) leading economies.

The Agricultural Outlook 2011-2020, released on 17 June, focuses on the global state of agriculture for the next ten years. The report indicates that although strong harvests are expected to push down commodity prices later this year, real prices are projected to be an average of 20 percent higher for cereals and 30 percent higher for meats over the 2011-2020 period, in comparison with the last decade.

Adding to these problems, the average an-

nual growth rate for global agricultural production is projected to decline from 2.6 percent to 1.7 percent in the next decade due to high energy and fertiliser costs.

The report does suggest a possible solution to volatile food prices in the form of farm investments. In a statement, FAO Director-General Jacques Diouf emphasised the importance of "boosting investment in agriculture and reinforcing rural development," especially for small-holder farmers in low-income food-deficit countries.

Price volatility could also be mitigated if governments provide better information on commodity markets. "If we're trying to avoid volatility, information is absolutely of the essence," said Gurría. Diouf affirmed Gurría's statement, noting that an improved information system would also be key for improving the transparency of these markets.

## China Rules against Subsidy on EU Potato Starch



According to the Regulations of the People's Republic of China on Anti-subsidy, the Ministry of Commerce released its announcement on August 30, 2010, deciding to initiate an anti-subsidy investigation against potato starch imports from EU. The tariff lines of the investigated product is 11081300 according to the Customs Import and Export Tariff of the People's Republic of China.

The investigating authority has investigated into the existence of subsidy and the subsidy margin, the injury to China's potato starch industry and the extent of the injury, and the causal link between subsidy and injury. According to the investigation findings, and Article 25 of the Regulations of the People's Republic of China on Anti-subsidy, the Ministry of Commerce made a preliminary ruling, and announces the following:

### I. Preliminary ruling

The Ministry of Commerce has made a preliminary ruling that subsidy exist in the potato starch

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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
27-Jun-11	45.0975	45.1475	45.0250	45.0450	45.0450	846205	3122979	1408024	45.1000
24-Jun-11	44.9500	45.0375	44.9400	45.0050	45.0050	967523	2765970	1244274	44.9400
23-Jun-11	44.9525	44.9975	44.9100	44.9825	44.9825	1052629	2730368	1227405	44.9300
22-Jun-11	44.8600	44.9600	44.8550	44.9475	44.9475	1207978	2280775	1023960	44.8200

[Source: NSE and RBI Website]

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## WEEKLY INDEX OF CHANGES

### Excise on HSD cut by Rs. 2.60 per litre

Only Road Development Excise and Education Cess at Rs. 2 per litre Remains

33-CE In exercise of the powers  
25.06.2011 conferred by sub-section (1) of  
(DoR) section 5A of the Central  
Excise Act, 1944 (1 of 1944),  
the Central Government, on being satisfied that  
it is necessary in the public interest so to do,  
hereby makes the following further amendments  
in the notification of the Government of India in  
the Ministry of Finance (Department of Revenue),  
No. 4/2006-Central Excise, dated the  
1<sup>st</sup> March, 2006, published in the Gazette of

India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 94 (E) dated the 1<sup>st</sup> March, 2006, namely: -  
In the said notification, in the Table,-

(i) against **S. No. 19**, against item (i) occurring in column (3), for the entry in column (4), the entry "Nil" shall be substituted.

(ii) for **S.No.73A** and the entries relating thereto, the following S.No. and entries shall be **substituted**, namely:-

(1)	(2)	(3)	(4)	(5)
"73A	37	Colour positive unexposed cinematographic film in rolls of any size and length and colour negative unexposed cinematographic film in rolls of 400 feet and 1000 feet	Nil	-"

[F. No. 354/108/2011-TRU]

### 100% Concession on 70 Tariff Lines to Bangladesh under SAFTA

Ntfn 49 In exercise of the powers  
21.06.2011 conferred by sub-section (1)  
(DoR) of section 25 of the Customs  
Act, 1962 (52 of 1962), the  
Central Government, on being satisfied that it is  
necessary in the public interest so to do, hereby  
makes the following further amendments in the  
notification of the Government of India in the  
Ministry of Finance (Department of Revenue),

No.107/2008-Customs, dated the 6<sup>th</sup> October, 2008, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 718 (E), dated the 6<sup>th</sup> October, 2008, namely:-

In the said notification, in the Table, in column (4), for the entry "75%", wherever it occurs, the entry "**100%**" shall be **substituted**.

[F.No. 354/42/2002-TRU Pt.]

### Philippines Included in ASEAN FTA Rules of Origin List

40-Cus(NT) In exercise of the powers  
24.06.2011 conferred by sub-section (1)  
(DoR) of section 5 of the Customs  
Tariff Act, 1975 (51 of 1975),  
the Central Government hereby makes the following rules further to amend the Customs Tariff [Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of Member States of the Association of Southeast Asian Nations (ASEAN) and the Republic of India] Rules, 2009, namely:-

1. These rules may be called the Customs Tariff [Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of Member States of the Association

of Southeast Asian Nations (ASEAN) and the Republic of India] Second Amendment Rules, 2011.

2. In the Customs Tariff [Determination of Origin of Goods under the Preferential Trade Agreement between the Governments of Member States of the Association of Southeast Asian Nations (ASEAN) and the Republic of India] Rules, 2009, in Annexure IV, after S.No. 8, the following S. No. and entry shall be inserted, namely:-

"S.No.	Name of the Country
9.	The Republic of Philippines

[F. No. 467/68/2004-Cus.V/ICD]

### Anti-dumping Duty of Rs. 1.55 per piece on Sewing Machine Needles from China

Ntfn 50 Whereas, in the matter of  
22.06.2011 import of the Sewing Machine  
(DoR) Needles (hereinafter referred  
to as subject goods), falling  
under sub-heading 8452.30 of chapter 84 of the  
First Schedule to the Customs Tariff Act, 1975  
(51 of 1975) (hereinafter referred to as the said  
Customs Tariff Act) and originating in or exported  
from the People's Republic of China  
(China PR) (hereinafter referred to as the subject  
country) into India, the designated authority  
in its final findings vide notification number 14/

10/2010-DGAD, dated the 6<sup>th</sup> May, 2011, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 6<sup>th</sup> May, 2011, had come to the conclusion that-

(a) the subject goods have been exported to India from the subject country below associated normal values, thus resulting in dumping of the subject goods;

(b) the domestic industry has suffered material injury in respect of the subject goods;

(c) the material injury and threat thereof has

### Customs will Honour DEPB with LEO till 30.09.11

Ntfn 51 In exercise of the powers  
22.06.2011 conferred by sub-section  
(DoR) (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 makes the following amendment  
in the notification of the Government of  
India in the Ministry of Finance (Department  
of Revenue), No. 97/2009-Customs, dated  
the 11<sup>th</sup> September, 2009, published in the  
Gazette of India, Extraordinary, Part II, Section  
3, Sub-section (i), vide number G.S.R.  
663(E), dated the 11<sup>th</sup> September, 2009,  
namely :-

In the said notification, -

(i) after **para 2**, the following para shall be **substituted**, namely:-

"2. This notification shall be valid in respect of the Duty Entitlement Pass Book Scrips issued by the Licensing Authority against exports having Let Export Order up to and inclusive of the 30<sup>th</sup> day of September, 2011."

(ii) after **Explanation** (iv), the following Explanation shall be **inserted**, namely:-

"(v) "Let Export Order" means an order which permits clearance and loading of the goods for exportation by the proper officer in accordance with section 51 of the said Customs Act."

[F.No.605/128/2005-DBK(Pt.)]

been caused by the dumped imports from the subject country.

Now, therefore, in exercise of the powers conferred by sub-section (1), read with sub-section (5) of section 9A of the said Customs Tariff Act and rules 18 and 20 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, on the basis of the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, falling under sub-heading of the First Schedule to the said Customs Tariff Act as specified in the corresponding entry in column (2), originating in the country as specified in the corresponding entry in column (4), and produced by the producers as specified in the corresponding entry in column (6), when exported from the country as specified in the corresponding entry in column (5), by the exporters as specified in the corresponding entry in column (7), and imported into India, an anti-dumping duty at the rate equal to the amount indicated in the corresponding entry in column (8), in the currency as specified in the corresponding entry in column (10) and per unit of measurement as specified in the corresponding entry in column (9) of the said Table.

Table

SNo	Heading/ Sub Heading	Description of goods	Country of Origin	Country of exports	Producer	Exporter	Duty Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	8452.30	Sewing Machine Needles	China PR	China PR	Any	Any	1,55,362	Per lakh needles	Indian Rupee

2. The anti-dumping duty imposed shall be levied for a period of five years (unless revoked, superseded or amended earlier) from the date of this notification.

[F.No.354/110/2011 –TRU]

## Industrial Clothing not under Branded Garments

*Subject: Clarification on issues pertaining to the levy of excise duty on branded readymade garments and made-up articles of textiles.*

947-CBEC Board has received  
21.06.2011 representations from trade and  
(DoR) industry seeking clarification  
on certain issues pertaining to

the levy of excise duty on readymade garments/  
made-ups that either bear or are sold under a  
brand name. These issues are:-

(i) applicability of the mandatory levy of  
excise duty on school uniforms, uniforms for  
private security guards, companies, hotels, air-  
lines etc and made-ups such as linens, towels  
etc bearing the name or logo of a hotel, restau-  
rant or airlines etc; and

(ii) applicability of mandatory levy of excise  
duty on made-ups such as blankets bearing the  
name of the manufacturer and supplied to the  
Ministry of Defence or its organisations

2. The matter has been examined. On the  
issue of applicability of excise duty on uniforms  
or made-up articles like quilt, blankets, towels,  
linen etc bearing the name or logo of a school,  
security agency, company, hotel or airline etc.,  
it is clarified that such products would not merit  
treatment as "branded" products merely be-  
cause the name of the school, institution or  
company or their logo is either printed, embro-  
idered or etched on them. This is equally true of  
made ups such as towels, linen etc bearing the  
name of a hotel, restaurant or airlines. In all  
these cases, there is no nexus between such a  
name or logo & the product at the time of its sale  
which is essential ingredient in the definition of  
the term "brand name". Unless such garments/  
made- ups also bear a brand name in addition to  
the name or logo of the school, security agency,  
hotels, airlines and company, such goods would  
not attract the excise duty. It is also gathered  
that in some cases, apart from the name or logo  
of such organisations, the name of the tailor or  
manufacturer is affixed on such garments. How-  
ever, mere affixing of name of the tailor or

manufacturer would not constitute a brand name.  
Another related issue is the applicability of the  
mandatory excise duty to blankets which are  
supplied to the defence establishment, armed  
forces, police forces etc against tenders that  
stipulate that the name of the manufacturer  
should be clearly indicated or marked on the  
product. As pointed out above, affixing the name  
of the manufacturer on such goods would not,  
by itself, bring them within the ambit of branded  
goods.

3. Another issue raised by the trade concerns  
the determination of eligibility of a manufacturer  
or factory to the benefit of small scale exemp-  
tion contained in notification no. 8/2003-CE  
dated 1.3.2003. Under the exemption, a manu-  
facturer or a factory whose aggregate value of  
clearances for home consumption did not ex-  
ceed Rs.4 crore in the preceding financial year  
is eligible for full exemption on similar clear-  
ances not exceeding Rs. 1.5 crore in this finan-  
cial year. It has already been clarified that a  
certificate from a chartered Accountant about  
the aggregate value of clearances for home  
consumption in the preceding financial year  
may be accepted. It has now been decided that  
self certification by a manufacturer may also be  
accepted for this purpose. As regards mainte-  
nance of records by such manufacturers, Cen-  
tral Excise law does not prescribe any specific  
record which is to be maintained by an asses-  
see. Hence records of production, clearance &  
purchases that are maintained for the purpose  
of VAT purposes can be accepted for purposes  
of Central Excise.

(5). Suitable trade notice / standing order may  
be issued to guide the trade and industry.

(6). Difficulty, if any, faced in implementation of  
these instructions may be brought to the notice  
of the Board immediately.

F.No.B-1/2/2011-TRU

as a uniform approach across field formations.  
For instance, in the referred case of detection of  
war material it would have been appropriate to  
alert all field formations to subject similar im-  
ports covered by certificate issued by the iden-  
tified authorized inspection agency to greater  
scrutiny. However, this could not be done since  
the Board was not kept informed.

3. In the aforesaid circumstance, the Board  
desires that whenever the field formations re-  
ceive a reference from any other Ministry /  
Department on a matter having policy implica-  
tion, the Board shall invariably be kept informed.  
Also, the field formations should generally avoid  
corresponding directly with other Ministries /  
Departments on policy matters, but if the same  
is required to be done the Board should be  
informed.

## Insecticides Import Restriction Defined, Boric Acid Excepted

*[Ref: F.No.401/101/2011-Cus.III dated 22<sup>nd</sup>  
June 2011 – CBEC Instruction]*

*Subject: Requirement of import permit /  
registration with / from CIB & RC for import of  
substances listed in the schedule 3 of the  
Insecticide Act, 1968, for non-insecticidal use  
under Insecticides Act, 1968.*

Board has received references from trade and  
industry highlighting difficulties being faced in  
clearance of imported substances listed in  
Schedule 3 of the Insecticides Act, 1968 that  
are meant for non-insecticidal purposes. Re-  
portedly, on account of varying interpretations  
of the relevant legal provisions, the Custom  
Houses are adopting different practices which  
are adversely impacting the smooth clearances  
of such items being imported for non-insecti-  
cidal use.

2. The matter has been examined in the Board  
in the context of Section 38 of the Insecticides  
Act, 1968, the relevant extract of which is repro-  
duced below for sake of clarity:

### 'Section 38. Exemption

1. Nothing in this Act shall apply to-

(a) the use of any insecticide by any person  
for his own household purposes or for kitchen,  
garden or in respect of any land under his  
cultivation;

(b) any substance specified or included in  
the Schedule or any preparation containing any  
one or more such substances, if such sub-  
stance or preparation is intended for purposes  
other than preventing, destroying, repelling or  
mitigating any insects, rodents, fungi, weeds  
and other forms of plant or animal life not useful  
to human beings'.

3. As may be seen, the aforementioned provi-  
sions of the said Section 38 of the Insecticides  
Act, 1968 are unambiguous and leave no scope  
interpretation. Essentially, the exemption from

## CBEC Asks Field Officers to Approach DGFT through North Block

*[Ref: F.No. 528/54/2011-STO(TU) dated 21<sup>st</sup> June 2011 – CBEC Instruction]*

*Subject: Timely intimation to Board and correspondence with other Ministries / Departments on  
policy matters.*

It has been observed that the Commissionerates  
often correspond on sensitive and policy related  
issues directly with the Ministry of Commerce /  
DGFT without keeping Board posted. In one  
case where sensitive war material was found in  
a consignment of heavy melting scrap (HMS)  
despite a certificate to the contrary from an  
authorized inspection agency listed in Appen-  
dix-5, DGFT Hand Book of Procedures (HBP)

(Volume -I), the Commissionerate directly re-  
ferred the matter to DGFT for appropriate action  
against the said agency without informing the  
Board.

2. It may be appreciated that matters of policy  
that have all India ramifications need to be  
treated with seriousness by being referred to  
the Board. Examination of such matters by the  
Board would ensure appropriate action as well

the provisions of the said Act would apply to those insecticides that are used for household purposes etc. or for other than insecticidal purposes. Thus, import of items listed under Schedule 3 of the said Act that are intended to be used for these purposes that are specified in the said Section 38 would be outside the ambit of the provisions contained in Insecticides Act, 1968. The implication is that the clearance of such imported items would not be subject to the requirement of registration / import permit from

CIB & RC.

4. Board desires that for the sake of uniformity the Custom Houses shall immediately align their local procedures in line with the above clarification. It is, however, clarified that the import of Boric Acid would continue to be governed by the specific instructions on the item that are currently in force.

5. Suitable public notice may be issued to guide the trade and industries.

### Leftover Materials in CFSs to be Cleared in DTA only after Permission

The following Public Notice was issued by the Commissioner of Customs (Export) Jawaharlal Nehru Custom House on 16<sup>th</sup> June 2011.

Sub: Procedure for disposal/removal of leftover packing material, nylon/metal strips, wooden / plastic pallets/material from CFSs.

89-PN Attention of the Members of  
16.06.2011 Trade and Industry, including all persons responsible for

receipt, storage, delivery, dispatch or otherwise handling of imported goods and export goods in any capacity in a Customs area is invited to the Public Notice No. 74/2001 dated 03.12.2001 wherein it was stipulated as below:

that various unclaimed/abandoned/leftover goods used wooden pallets, used nylon ropes, used cartons, docks and or shed pings and other packing materials which accumulate over a period of time at various Container Freight Stations and Port premises are unclaimed goods and it is very difficult to connect them to any particular IGM. As far as levy of duty is concerned, the fact remains that duty has been paid on these leftover packing material in as much as the value of these leftover packing material is included in the assessable value of the goods on which the duty has been paid. Therefore, clearance of these unclaimed/abandoned/leftover goods like used wooden pallets, used nylon ropes, used cartons, docks and or shed sweepings and other packing materials may be allowed from the Container Freight Stations and Port without payment of duty after its auction or by sale by the Custodian.

2. As per the request of some CFSs regarding formulating the procedure to be followed by CFSs for removal/disposal of unserviceable packing material, nylon/metal strips, wooden/plastic pallets, wooden packing materials, used cartons etc. which are left behind by Importers and Exporters, a procedure was laid out in Public Notice No. 78/2011 dated 11.05.2011 for streamlining and bringing uniformity in function-

ing of all the CFSs.

3. In this regard, some issues and concerns were raised by the CFSs in implementation of Public Notice No. 78/2011. Hence, in view of the same, the matter has been re-examined and accordingly Para 3 of the Public Notice No. 78/2011 dated 11.05.2011 has been modified as under:

i. The clearance of the said unclaimed/abandoned/leftover goods or other packing materials may be allowed from the CFSs as envisaged in Public Notice No. 74/2001 dated 03.12.2001.

ii. For the removal of said goods, respective CFS will make an application to their AC/DC Docks (Exports) who in turn will give the necessary permission after ascertaining that the goods are unserviceable packing material, nylon/metal strips, wooden/plastic pallets, wooden packing materials, used cartons etc. leftover by Importers and/or Exporters. The concerned AC/DC Docks (Exports) will then assign the job of supervision of loading of the said goods to Preventive Officer.

iii. The Preventive Officer shall supervise the loading of the said goods and give an endorsement "Loaded under my supervision "

iv. At the time of movement of said goods out of the CFS, the gate Preventive Officer should verify the endorsement and allow the movement of goods by giving an endorsement "Passed out Vehicle No. \_\_\_\_\_".

4. Any difficulties faced in this regard may be brought to the notice of undersigned immediately.

F.No.S/5-GEN-74/09-10 CFS M. Cell

### Procedure Relaxed for Re-export of Imported Cargo from CFS

The following Public Notice was issued by the Commissioner of Customs (Export) Jawaharlal Nehru Custom House on 16<sup>th</sup> June 2011.

Subject: Procedure to be followed in respect of re-export of Imported goods which are not sought to be cleared for home consumption by importer.

90-PN Reference is invited to Public  
16.06.2011 Notice 95/2003 dated  
07.11.2003 on the above subject.

2. The Trade has represented that in case of re-export of import cargo, goods are required to be moved from the import shed /bond to the export shed under preventive supervision by paying MOT charges. This results in double

handling of goods, delay in clearances, payment of MOT charges for movement within the CFS and consequent increase in the transaction cost for the said export.

This happens in the following cases, namely:

- (i) Re-export of import cargo from the same CFS,
- (ii) Re-export from the same CFS where goods are stored in bond under section 49/sec-

### DFIA Verification by Customs only on DGFT Request

The following Public Notice was issued by the Commissioner of Customs (Export) JNCH on 10 June 2011

Subject:- Verification of Duty Free Import Authorization (DFIA).

86-PN Attention of all the  
10.06.2011 Importers/Exporters/CHA and all concerned is invited to S.O. No.56/2009 dt.17.11.2009, S.O No.41/2011 dt. 13.05.11 and Public Notice No. 85/2009, dt.17.11.2009. Where in procedure was prescribed for Verification of Duty Free Import Authorization (DFIA). Taking into account the Changes brought in by the Board Circular No.5/2010-Cus dt.16.03.2010 and Instruction dt.18.01.2011, the Procedure for Verification of DFIA is now amended as under:

1. The DFIA Verification Cell will verify DFIA authorizations, wherever the Export Obligation Discharge Certificate issued by DGFT bears the requirement that the Custom department should carry out verification. The Department, of course, retains the right to carry out complete verification on a specific intelligence basis suggesting misuse.

2. Where DGFT does not write anything in the EODC or does not require Custom Authorities to verify the EODC, then in that case the authorization holder need not approach the DFIA Verification Cell for verification of their authorization, In such cases, the Authorization holders.

(a) where the export is completed and import is to be done should approach to licence section for registration of their Authorization.

(b) where export and import both is completed, the Authorization holder should submit the EODC and other relevant documents to the DFIA Monitoring Cell for Cancellation of their Bond.

3. Earlier public notice is modified to that extent.

4. Any difficulty faced by the Trade in implementing the above may be brought to the notice of the undersigned immediately.

F. NO. S/6- Gen- DFIA(V) 02/2011

tion 59,  
(iii) Re-export of import cargo from the same CFS for which waiver from physical bonding has been granted.

Therefore, the trade requested that a simplified procedure may be laid down in this regard.

3. The matter has been examined and the procedure is prescribed as below:-

4. In the aforesaid cases, after the shipping Bill for re-export has been marked to the AC/DC (Export Docks) of the export shed concerned, the said AC/DC shall depute a P.O. posted in export shed to escort the goods from the import shed / bond to the export shed within the same CFS. Accordingly, the requirement of payment of MOT is being done away with.

5. As regards the examination of the said goods at the time of re-export, it may be noted that Public Notice No 95/2003 dated 07.11.2003, stipulates that in case the goods have already been examined by the Import group/docks at the time of import and the said goods as such have been shifted to the shed under P.O. supervision, there need not be any further examina-

tion at the time of re-export.

6. The aforesaid procedure shall come into force with immediate effect and shall be followed by the officers and staff concerned.

7. Any Difficulty noticed in the implementation of this Standing order may be brought to the notice of the undersigned.

F.NO.S/12-Gen-26/2011-12 AM(X)

## Issue CHA Licenses to All who Pass Test – Says CBEC

*Subject: Issue of Custom House Agent License– Reference from field formations.*

25-CBEC Attention is invited to  
22.06.2011 provisions of the Custom  
(DoR) House Agents Licensing  
Regulations (CHALR), 2004

and various circulars and instruction issued from time to time in this regard.

2. Attention is also invited to Board's Circular No.9/2010-Customs dated 8.4.2010 which stipulates that those applicants who have passed the examination referred to in Regulation 9 of CHALR, 1984, but were not given Licence under the said Regulation were required to appear in the examination and qualify the same under Regulation 8 of CHALR, 2004 in respect of additional subjects as provided in Notification No.30/2010-Customs (NT) dated 8.4.2010. The persons who qualify in the aforesaid examination shall be deemed to have passed under regulation 8 of the CHALR, 2004 and would be considered for grant of CHA licence in terms of regulation 9 of the CHALR, 2004.

3. Further, Board's Circular No.9/2010-Customs dated 8.4.2010 clearly mentions that the requirement of number of licences will be determined by market forces and no numerical criterion can be fixed. Considering the pendency of non-grant of Licences to eligible qualified applicants, Board, in the past, vide instruction issued in F.No.502/5/2005-Cus.VI dated 31.10.2007, had also directed that all pending cases be liquidated and all eligible candidates should be granted Licences.

4. It has been reported that in spite of the

aforementioned Circular/Instruction of Board individual Commissioners are still continuing to regulate the number of CHA. Despite qualifying in the examinations and passing additional subjects, licences are still not being granted under Regulation 9 of CHALR, 2004 by concerned Commissioner on the ground that the Commissionerate have to issue a separate public notice inviting fresh applications in this regard.

5. Board has taken a serious note of non-compliance of its instructions by the Commissioners who are not issuing licence to eligible applicants. In order to resolve the issue, it is reiterated that Commissioners should not restrict the number of CHAs and shall grant licences to all eligible applicants. A compliance report indicating number of eligible applicants who have been granted licence may be sent by 15.07.2011. Needless to state the other procedural requirements will have to be fulfilled by all such eligible applicants who are being granted licences.

6. Boards decision may be brought to the notice of the trade by issuing suitable Trade/Public Notices. Suitable Standing orders/instructions may also be issued for the guidance of the field officers.

7. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board immediately.

F.No.502/4/2011-Cus.VI

## US-India to Fast Track Invest Accord

**A**nand Sharma the Union Minister Commerce and Industry is on a four day visit to the United States during his visit he held discussions with Ambassador Ron Kirk, the United States Trade Representative on 22nd June 2011. Mr. Sharma and Ambassador Kirk agreed to re-invigorate the Trade Policy Forum (TPF) and make it more robust and effective in resolving bilateral commercial issues, while maintaining the political leadership of the process. The two sides also agreed to fast-track the technical negotiations for an early conclusion of the India-US Bilateral Investment Agreement. There would be two rounds of negotiations before the next meeting of the Ministerial level TPF expected to be held in October 2011 in India. In their interaction, they covered the entire range of issues in bilateral trade and commercial engagement.

Mr. Sharma apprised Ambassador Kirk of various policy approaches being taken by India to sustain its high GDP growth and the opportunities it offered for the U.S. businesses to develop partnerships with the Indian private sector. He mentioned infrastructure, agriculture and agro-processing; food processing; cold

chain logistics; manufacturing of electronic devices including chip design as areas with bilateral cooperative possibilities. He also raised issues of importance for the Indian industry in their business operations in the United States. The Indian Minister later informed that, the United States welcomed the unilateral action taken by India in reducing tariffs on a number of products, including raw pistachios, cranberry products, seedless raisins, processed foods, medical equipment, fertilizers, chemicals, heavy machinery, etc. USTR also appreciated India's efforts towards increased cooperation in services and on improving the investment environment.

Earlier on 22nd June 2011, Mr. Sharma addressed a gathering of policy makers, economists and scholars at the Centre for Strategic and International Studies. He highlighted the increasing role of emerging economies in the perspective of the financial and economic crisis, which is causing a rebalancing of the global economy. He also stressed the necessity to build and strengthen bilateral business and

## Moldova Environment Fee in WTO Court

**T**he DSB established a panel for a dispute between Moldova and Ukraine this Friday; Ukraine had issued its initial panel request on 24 May, which Moldova blocked.

The Ukraine case stems from a 1998 Moldovan law that allows Moldova to apply charges to imports whose use contaminates the environment, in addition to other duties or taxes. The fee ranges from 0.5 to 5 percent of the customs value of those products.

Like the *Canada - Renewables* case, national treatment also plays a significant role in the *Moldova - Environmental Charges* dispute. Ukraine alleges that Moldova's actions are in violation of the WTO's General Agreement on Tariffs and Trade (GATT) 1994, by not charging the same fees to like domestic products.

Ukraine also claims that Moldova charges importers an environmental fee for plastic or "tetra-pack" packages containing imported goods, without applying the same charge to like domestic goods.

institutional partnerships between the two countries. He informed the audience about India's plans to create National Manufacturing and Investment Zones, which would become hubs of innovation and manufacturing.

On 21st June 2011, The Commerce & Industry Minister held a CEO Industry Roundtable in New York where he interacted with select leaders of investment firms and big businesses with keen interest in commercial opportunities in India.

## MOFCOM Continues Duty on Hydrazine Hydrate in Review

**T**he Ministry of Commerce (MOFCOM) released on June 17, its decision on final review on dumping concerning hydrazine hydrate (Tariff No. 28251010 in the Customs Tariff of Import and Export of the People's Republic of China) imported from Japan, ROK, US and France in Announcement No.32 of 2011. According to MOFCOM decision, dumping and damage on China's hydrazine hydrate industry would be very likely to continue if terminating anti-dumping measures on such products.

According to Article 50 of the Regulations of the People's Republic of China on Anti-dumping and the decision of the Tax Commission under the State Council, MOFCOM decided to continue levying anti-dumping duties in the light of scope and anti-dumping duty rates as prescribed in Announcement No.36 of 2005 and implementing price undertaking as prescribed in Announcement No.94 of 2006 for 5 years as of June 17, 2011.

As response to petition by domestic industry, MOFCOM released the decision in Announcement No.34 of 2010 on June 17, 2010 to make final review on anti-dumping measures on hydrazine hydrate imports from Japan, ROK, US and France.

[Source: MOFCOM.com]

## Exchange Rates for Customs Valuation

### Rupee Gains against Dollar, Euro

The current notification No. 41-Customs(NT) dated 28<sup>th</sup> June 2011 supersedes notification 36-Customs(NT) dated 27<sup>th</sup> May 2011.

41-Cus(NT) In exercise of the powers conferred by section 14 of 28.06.2011 the Customs Act, 1962 (52 of 1962), and in (DoR) supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No. 36/2011-Customs(NT) dated 27<sup>th</sup> May 2011** vide number S.O. 1223(E), dated the 27<sup>th</sup> May, 2011, except as respects things done or omitted to be done before such supersession, 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 1<sup>st</sup> July, 2011** 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		Exported Goods	
		Current	Previous	Current	Previous

#### Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees

SNo	Currency	Current	Previous	Current	Previous
1	Australian Dollar	47.65	48.50	46.50	47.35
2	Canadian Dollar	46.20	46.95	44.90	45.80
3	Danish Kroner	8.70	8.75	8.40	8.45
4	EURO	64.50	64.95	62.90	63.35
5	Hong Kong Dollar	5.85	5.85	5.75	5.75
6	Norwegian Kroner	8.30	8.35	8.05	8.10
7	Pound Sterling	72.70	74.80	71.05	73.00
8	Swedish Kroner	7.00	7.30	6.80	7.10
9	Swiss Franc	54.65	52.80	53.05	51.25
10	Singapore Dollar	36.75	36.85	35.90	35.95
11	US Dollar	45.50	45.65	44.70	44.85

#### Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

SNo	Currency	Current	Previous	Current	Previous
1	Japanese Yen	56.65	56.20	55.05	54.65

[F.No.468/8/2011-Cus.V]

### Cont'd..126

imports from EU during the period of investigation, and that there exists a causal link between the subsidy and the material injury.

### II. Investigated product and investigation scope

Investigation scope: Potato starch imports from EU

The name of the investigated product: Potato Starch, also known as starch from potato, refined starch from potato, or potato flour.

Tariff number of the investigated product is 11081300 under the Customs Import and Export Tariff of the People's Republic of China.

### III. Provisional anti-subsidy measures

According to Article 29 and Article 30 of the Regulations of the People's Republic of China on Anti-subsidy, MOFCOM put forward the proposal applying provisional anti-subsidy measures on potato starch imports from the EU, on the basis of which the Customs Tariff Commission of the State Council made a decision to take provisional anti-subsidy measures on imported potato starch originated from the EU by deposit from May 19, 2011. Importers of potato starch originated from the EU should pay a deposit at the Chinese Customs in accordance with the ad valorem subsidy rate determined by the ruling. The deposit will be collected based on the dutiable value for imported goods examined and determined by the Chinese Customs using the ad valorem method. The formula is: The deposit = (customs dutiable value \* anti-dumping deposit rate) \* (1 + import VAT rate).

## Commodity Spot Prices in India – 25-28 June 2011

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

						(Rs.)
Commodity	Unit	Market	25-Jun	27-Jun	28-Jun	
CER (Carbon Trading)	1 MT	Mumbai	653.5	653.5	674	
Chana	100 KGS	Delhi	2636	2662	2643	
Masur	100 KGS	Indore	2900	2926	2925	
Potato	100 KGS	Agra	541.7	537.4	535.2	
Potato TKR	100 KGS	Tarkeshwar	489.7	491	492.5	
Areca nut	100 KGS	Mangalore	NA	NA	NA	
Cashewkern	1 KGS	Quilon	NA	NA	NA	
Cardamom	1 KGS	Vandanmedu	787.1	757.7	758.8	
Coffee ROB	100 KGS	Kushalnagar	NA	NA	NA	
Jeera	100 KGS	Unjha	NA	NA	NA	
Pepper	100 KGS	Kochi	NA	NA	NA	
Red Chili	100 KGS	Guntur	NA	NA	NA	
Turmeric	100 KGS	Nzmbad	7015	7200	7311	
Guar Gum	100 KGS	Jodhpur	NA	NA	NA	
Maize	100 KGS	Nzmbad	1224	1219.5	1219.5	
Wheat	100 KGS	Delhi	1200	1199.2	1197.4	
Mentha Oil	1 KGS	Chandausi	982.9	983.4	984.9	
Cotton Seed	100 KGS	Akola	NA	NA	NA	
Castorsd RJK	100 KGS	Rajkot	4559.5	4609.5	4581.5	
Guar Seed	100 KGS	Bikaner	3490	3438	3542	
Soya Bean	100 KGS	Indore	2261	2250	2251	
Mustrdsd JPR	20 KGS	Jaipur	575	573.4	570.55	
Sesame Seed	100 KGS	Rajkot	5125	5138	5150	
Coconut Oil Cake	100 KGS	Kochi	NA	NA	NA	
RCBR Oil Cake	1 MT	Raipur	NA	NA	NA	
Kapaskhali	50 KGS	Akola	1141.4	1139.5	1151.8	
Coconut Oil	100 KGS	Kochi	10296	10296	10192	
Refsoy Oil	10 KGS	Indore	637.2	634.65	635.25	
CPO	10 KGS	Kandla	483.4	474.4	475.8	
Mustard Oil	10 KGS	Jaipur	624	621.1	624	
Gnutoilexp	10 KGS	Rajkot	925	925	925	
Castor Oil	10 KGS	Kandla	NA	NA	NA	
Crude Oil	1 BBL	Mumbai	4097	4097	4087	
Furnace Oil	1000 KGS	Mumbai	NA	NA	NA	
Sourcrd Oil	1 BBL	Mumbai	NA	NA	NA	
Brent Crude	1 BBL	Mumbai	4724	4724	4780	
Gur	40 KGS	Muzngr	NA	NA	NA	
Sugars	100 KGS	Kolhapur	NA	2574	2572	
Sugarm	100 KGS	Delhi	2860	2860	2850	
Natural Gas	1 mmBtu	Hazirabad	190.1	190.1	191.9	
Rubber	100 KGS	Kochi	21720	20907	20770	
Cotton Long	1 Candy	Kadi	NA	NA	NA	
Cotton Med	1 Maund	Sriganganagar	NA	NA	NA	
Jute	100 KGS	Kolkata	2654.5	2684.5	2663	
Gold	10 GRMS	Ahmd	22050	21979	21985	
Gold Guinea	8 GRMS	Ahmd	17711	17654	17659	
Silver	1 KGS	Ahmd	51840	51075	50990	
Sponge Iron	1 MT	Raipur	NA	NA	NA	
Steel Flat	1000 KGS	Mumbai	NA	NA	NA	
Steel Long	1 MT	Gobindgarh	NA	NA	NA	
Copper	1 KGS	Mumbai	406.05	406.05	402.85	
Nickel	1 KGS	Mumbai	985.4	989.8	1013.1	
Aluminium	1 KGS	Mumbai	110.8	111.25	111.7	
Lead	1 KGS	Mumbai	114.8	114.8	115	
Zinc	1 KGS	Mumbai	99.95	100.5	100.65	
Tin	1 KGS	Mumbai	1121	1136.25	1137.5	

(Source: MCX Spot Prices)

Margin deposit levied on each company:

1. ROQUETTE FRERES 7.70%
2. AVEBE U.A. 11.19%
3. Avebe Kartoffelstarkefabrik Prignitz/Wendland GmbH 11.19%
4. All Others 11.19%

#### IV. Comments

The interested parties may submit written comments, with supporting evidence, to the Ministry of Commerce for consideration within 20 days from the date on which this announcement is issued.

[Source: MOFCOM.com]

rettes, was indeed inconsistent with the WTO's national treatment requirement. It also found Bangkok in breach of the WTO's customs valuation agreement, which regulates the practice of customs officials imposing a valuation of imports that differs from the value declared by the importer.

While the adjustment of declared transaction values by foreign authorities is allowed in certain cases of "related-party transactions" - i.e. where the cross-border transaction takes place between parties that are economically related - the process must follow certain rules. In that context, in the case of some Philippine tobacco imports, Thailand had rejected the importer's declared values. Thailand argued that the economic relationship between exporter and importer was likely to influence the transaction price and would therefore require an adjustment by the authorities.

Bangkok saw the burden of proving that the relationship did not influence the price as resting with the importer - a position that was criticised by the Philippines. Also, Manila found that the process did not allow for a reasonable opportunity for the importer to comment on the new valuation. The Appellate Body ruling confirmed that this process was in violation of certain procedural and substantive requirements of the WTO's customs valuation agreement.

#### Philip Morris' role

Tobacco is an important industry for both Bangkok and Manila. The Thai Tobacco Monopoly (TTM), whose cigarettes account for approximately 80 percent of Thai tobacco consumption, is the only entity that Bangkok has authorised to produce cigarettes in the country. The Philippines had argued that the links between the Thai government and TTM "create serious conflicts of interest."

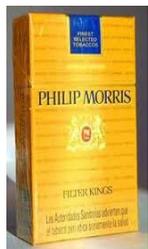
On the other hand, the Philippines has benefited from substantial foreign investment by tobacco giant Philip Morris International, particularly in 2000, when the company invested US\$300 million to build a manufacturing plant in the city of Tanauan. This was one of the biggest foreign tobacco investments in the region at that time. Philip Morris' activities in the Philippines had been seen as the main reason for the island state bringing the dispute to the WTO.

According to Philip Morris, today the factory in Tanauan rolls out more than 30 billion cigarette sticks a year, with Philip Morris Philippines Manufacturing Inc. (PMPMI) holding 90 percent of the Philippine market.

Thailand is the company's major export market for finished tobacco goods. In the course of the dispute, PMPMI claimed it suffered a 20 percent decline in exports in 2009, in part due to the Thailand cigarette tax issue. This decline substantially hurt tobacco farmers in the South of the archipelago.

The WTO will next set a time period that will allow Thailand to comply with the Appellate Body ruling. The DSB will likely grant Bangkok between six to fifteen months to revise its policies.

## Philip Morris in Philippines Wins Cigarette Case against Thailand at WTO – Valuation at Arms Length



The Philippines were once again able to claim victory in their long-running dispute with Thailand over the latter's cigarette import policies, with the WTO Appellate Body confirming on Friday the results of an earlier panel ruling on the subject. The ruling specifically targeted Bangkok's taxation and customs valuation regime for the product, which has long been a sore subject with Manila.

The Philippines brought the conflict between the two South East Asian neighbours to the WTO in late 2008, following three years of unsuccessful bilateral negotiations. Philip Mor-

ris, an international tobacco giant and the Philippines' main cigarette manufacturer, has taken a special interest in the dispute, with Thailand being the prime destination for exports from its Philippine branch.

Manila had argued that Bangkok discriminated against foreign tobacco by applying taxes in excess to those applied to local products, along with applying different administrative requirements. Furthermore, the Philippines criticised Thailand's practice of customs valuation.

The Appellate Body ruling, released last Friday, deemed that Thailand's treatment of resellers of imported cigarettes, as compared to its treatment of resellers of like domestic ciga-

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