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Gold, Energy Bond Market Bubbles Near Bursting

"It has worked …so far. The only problem is the entire arsenal of the central banks have already been tried and failed to provide the real economy with any stimulus. The result has been capital pushed into financial markets and blowing the bubble(s) far larger than they were. Now, we have far larger markets with far more leverage than 2008. These will need to be met with central banks and sovereign treasuries with weaker balance sheets and almost no ability to borrow in an effort to reflate. It is a recipe for disaster."

The financial world turns on the axis of "trust". This trust was nearly broken in 2008 and is the reason the Federal Reserve needed to secretly lend $16 trillion all over the world. If the Fed had not come up with these funds, failures would have spread and trust would have been broken amongst the banks/other financial institutions and even between the central banks themselves! The Fed's largesse worked and trust was maintained.

The world has gone five+ years with QE (Quantitative Easement), the reality being outright monetization. In fact, central banks today are buying more sovereign bonds than are even being issued. The public and even the professional funds have backed away from the debt markets, you can't blame them because the interest received does not even cover inflation not to mention a risk premium. Globally the pace of trade and business activity is slowing or even declining which will bring to a head the difficulties in meeting debt service and other "promises".

What will happen when inevitably "trust" begins to wane? Or even fully break? It is at this point the system goes into "The Great Call". Margin call? Of course, because nearly everything financial has leverage behind it but there is more to it than this. The "call" is for contracts of all sorts to "perform". In particular I am thinking "derivatives" contracts will be called on to perform their contractual duties.

All in all, there are over **$1 quadrillion** worth of derivatives outstanding. The problem with this is the "tail" is bigger than the dog. In other words, the amount of derivatives outstanding dwarfs the total amount of money outstanding and thus the ability to "pay" and make good on the contracts. The other side of this coin are contracts promising to deliver something. In both gold and silver ther are far more (100-1 or more) obligations outstanding than there are ounces or kilos available to deliver. This is a default just waiting to happen.

Actually, it can be said the dollar was originally set up in 1971 on a "never pay" model. The dollar (and bonds) only promise to pay "more dollars" and nothing else. This game worked for many years, now it looks like the Saudis after doing many deals with both Russia and China may be set to transact in currency other than dollars. Are they displaying confidence?

The Chinese are now net sellers of U.S. Treasuries. Ask yourself this question, if China could sell all of their Treasuries and turn it all into gold, silver, oil, copper and other real tangible assets (without destroying the Treasury market or making gold and silver go no offer), would they?

The great Paul Craig Roberts said last week he feared precious metals could be suppressed forever. Mr. Roberts would be entirely correct if it were not for one small detail, REAL gold and REAL silver must be available to deliver. Otherwise the game comes to an end and the fraud is exposed. He is entirely correct, "price" can be jammed or rammed with enough "margin" posted. Dan Norcini once upon a time had it correct when he said, nothing will unnerve the shorts more than the longs standing for delivery …and making a call for the product. COMEX currently has only 11.7 tons of

Oil Crash Wipes Out $1.3tn in Value

It's the oil crash few saw coming, and few have been spared as it erased $1.3 trillion.

Since June 2014, the combined market capitalization of 157 energy companies listed in the MSCI World Energy Sector Index or the Bloomberg Intelligence North America Independent Explorers & Producers Index has lost about $1.3 trillion.

If crude rebounds, investors may make some of their money back, though values may not recover as quickly as they fell. After the tech bubble burst in 2000, erasing $7 trillion from the Nasdaq Composite Index, it took almost 15 years for the market to return to its pre-crash level.

State pension funds and insurance companies have also been hard hit. Investment advisers, who manage the mutual funds and exchange-traded products that are staples of many retirement plans, had $1.8 trillion tied to energy stocks in June 2014.

The California Public Employees Retirement System, a $303 billion fund that provides benefits to 1.72 million people, owned a $91.8 million slice of Pioneer Natural Resources Co. in June 2014. At the time, Pioneer was a $33 billion company and one of the biggest shale producers in Texas. Today, Pioneer is worth $19 billion and Calpers' stake has lost about $40 million in market value.

Oil Falls Below $50

Crude Oil (Indian Basket) from 29 July to 4 August 2015

	29 July	30 July	31 July	03 Aug	04 Aug
($/bbl)	53.17	53.78	52.98	50.63	49.97
(Rs/bbl	3397.03	3442.46	3391.25	3238.29	3194.58
(Rs/$)	63.89	64.01	(64.01	63.96	63.93

(Previous Trading Day Price)
Source: Ministry of Petroleum & Natural Gas

gold for delivery. This is roughly $400 million.

Another thought going hand in hand with this is where we are now versus 2008. Back then we were within overnight hours of the entire system coming down, this is fact. What has changed since then? "Nothing", but in reality quite a bit. Nothing has changed from the standpoint of "tools used". We have not altered or changed anything that "got us to the brink"… only done more of it! We have far more debt and more derivatives outstanding now. In fact, central banks and sovereign nations have even sacrificed their balance sheets to prolong the game.

We already know the sovereign debt markets are very thin on the bid side as liquidity has dried up. We also know equity markets are displaying horrible internal breadth. China is actually nearing a 1929 scenario and will be there shortly if they cannot steady.

Bill Holter, Global Research

Cotton Yarn Returns to US as Chinese Labour Rises

Twenty-five years ago, Ni Meijuan earned $19 a month working the spinning machines at a vast textile factory in the Chinese city of Hangzhou.

Now at the Keer Group's cotton mill in South Carolina, which opened in April, Ms. Ni is training American workers to do the job she used to do.

"They're quick learners," Ms. Ni said after showing two fresh recruits how to tease errant wisps of cotton from the machines' grinding gears. "But they have to learn to be quicker."

Textile production in China is becoming increasingly unprofitable after years of rising wages, higher energy bills and mounting logistical costs, as well as new government quotas on the import of cotton.

At the same time, manufacturing costs in the United States are becoming more competitive. In Lancaster County, where Indian Land is located, Keer has found residents desperate for work, even at depressed wages, as well as access to cheap and abundant land and energy and heavily subsidized cotton.

The prospect of a sweeping Pacific trade agreement that is led by the United States, and excludes China, is also driving Chinese yarn companies to gain a foothold here, lest they be shut out of the lucrative American market.

Keer's $218 million mill spins yarn from raw cotton to sell to textile makers across Asia. While Keer still spins much of its yarn in China, importing the raw cotton from America, that is slowly changing.

But surging labor and energy costs in China are eroding its competitiveness in manufacturing. According to the Boston Consulting Group, manufacturing wages adjusted for productivity have almost tripled in China over the last decade, to an estimated $12.47 an hour last year from $4.35 an hour in 2004.

In the United States, manufacturing wages adjusted for productivity have risen less than 30 percent since 2004, to $22.32 an hour, according to the consulting firm. And the higher wages for American workers are offset by lower natural gas prices, as well as inexpensive cotton and local tax breaks and subsidies.

Today, for every $1 required to manufacture in the United States, Boston Consulting estimates that it costs 96 cents to manufacture in China. Yarn production costs in China are now 30 percent higher than in the United States, according to the International Textile Manufacturers Federation.

Rising costs in China are causing a shift of some types of manufacturing to lower-cost countries like Bangladesh, India and Vietnam. In many cases, the exodus has been led by the Chinese themselves, who have aggressively moved to set up manufacturing bases elsewhere.

The Carolinas are now home to at least 20 Chinese manufacturers, including Keer and Sun Fiber, which set up a polyester fiber plant in Richburg, S.C., last year. And in Lancaster County, negotiations are underway with two more textile companies, from Taiwan and the Chinese mainland.

But cutting and sewing clothes, still relies so much on labor that "it's just impossible for the U.S. to be competitive."

Investment in American textiles has not come just from China. Last year, the ShriVallabh Pittie Group, a leading textile manufacturer in India, broke ground on a $70 million factory in Sylvania, Ga., the area's first new manufacturing plant in four decades.

"The whole textile world is looking at us," Vinod Pittie, chairman of the ShriVallabh Pittie Group, said at the factory's groundbreaking ceremony, predicting that the success of the venture would draw other entrepreneurs to open plants in Georgia.

The outcome of stalled negotiations over the Trans-Pacific Partnership, a free-trade agreement that leaves out China, will also affect Keer's American prospects. American negotiators are pushing for rules that would require apparel makers in member countries to use yarn from within the trade zone to enjoy tariff reductions. By producing yarn in America, Keer is hedging its bets, making sure it can continue to supply yarn to apparel manufacturers to countries like Vietnam that are within the T.P.P. trade zone.

As she walked through the factory floor, Ms. Ni pointed to digital screens at the end of each row of spinning machines, which displayed in real time, out of a score of 100, how efficiently those machines were kept running by their operators. The screens flashed: 76, 85, 90. Experienced workers in China rarely let that number drop below 97, she said.

"They're learning," she said. "I have to be patient."

US Restores GSP to India with Retrospective Effect from 1 Aug'13

Effective July 29, 2015, the U.S. Customs and Border Protection (CBP) will again accept claims for GSP eligible merchandise that was entered during the period that the GSP program was lapsed. India will get duty advantage in respect of 3500 tariff lines.

Effective July 29, 2015, the filing of GSP-eligible entry may be resumed without the payment of estimated duties, and US authorities will initiate the automatic liquidation or reliquidation of formal and informal entries of GSP-eligible merchandise that was entered on or after August 1, 2013 through July 28, 2015.

GSP program expired on July 31, 2013, but has been renewed through December 31, 2017, effective July 29, 2015, with retroactive effect between August 1, 2013 to July 28, 2015, by a provision in the Trade Preferences Extension Act of 2015.

Guatemala Scores Over Peru in Agriculture Duties Case

The WTO's Appellate Body confirmed on Monday that Peru's additional duties on certain agricultural imports from Guatemala violate global trade rules, in a case that brought to the fore the question of how free trade deals interact with WTO obligations.

The final ruling (DS457) confirmed the majority of an earlier panel's findings, namely that Peru's duties were inconsistent with various provisions under the WTO's Agreement on Agriculture and the General Agreement on Tariffs and Trade (GATT) 1994.

WTO, FTA timing

In 2001, Peru established a price range system (PRS) that may result in the imposition of additional duties or rebates on certain types of imported rice, sugar, maize, and milk. When additional duties are applied, the combined PRS duties and import tariffs must not exceed the ceiling Lima has committed to at the global trade body.

Peru and Guatemala then signed a free trade agreement (FTA) in December 2011, which included the provision that Lima could keep its PRS in place, along with its amendments.

However, in April 2013 Guatemala filed a request for consultations on the subject, marking the first step in WTO dispute settlement proceedings, claiming that the PRS violated trade rules. The panel that was later established to hear the case granted a victory to Guatemala in November 2014. (See Bridges Weekly, 4 December 2014)

Meanwhile, Guatemala began its domestic procedures for ratifying the FTA with Peru in December 2013, later notifying Lima that Guatemala City had fulfilled the legal requirements in February 2014 for bringing the deal into force.

Peru, for its part, has not ratified the FTA. Though Lima maintained that the trade agreement should enter into force, it stated during the WTO panel hearings that the "it is not proceeding with the exchange of notifications at this time since the case brought by Guatemala has created uncertainty with regard to the existence of the balance negotiated."

DGAD Initiates Investigation on Measuring Tapes from Chinese Taipei, Malaysia, Thailand and Vietnam on Complaint of FMI Ludhiana

China Already in the Net - $2.83/kg on Steel Tapes and $1.33/Kg on Fibre Glass

[Ref: Initiation Notification No. 14/21/2014-DGAD dated 27.07.2015]

Subject: Anti Dumping investigation concerning imports of "Measuring Tapes" originating in or exported from Chinese Taipei, Malaysia, Thailand & Vietnam

No.14/21/2014-DGAD: Whereas M/s FMI Limited, Ludhiana (hereinafter also referred to as the applicant or the petitioner) has filed an application before the Designated Authority (hereinafter also referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the Rules) for initiation of anti-dumping investigation and imposition of anti dumping duty on the imports of **"Measuring Tapes" originating in or exported from Chinese Taipei, Malaysia, Thailand & Vietnam** (hereinafter also referred to as the subject countries).

2. And whereas, the Authority finds that sufficient prima facie evidence of dumping of the subject goods, originating in or exported from the subject countries; injury to the domestic industry and causal link between the alleged dumping and injury exist to justify initiation of an anti-dumping investigation and, therefore, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of Rule 5 of the Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the 'injury' to the domestic industry.

Domestic Industry & Standing

3. The application has been filed by M/s FMI Limited, Ludhiana as domestic industry of the product under consideration. As per the application, there are a number of other producers of the subject goods in India like Freemans Measures Pvt Limited, Klas Tape Co., Venus Industrial Corpn., Ambika Overseas and New Wave Industries. All these producers have extended support to the petition in writing. As per the evidence available on record, the production of the applicant accounts for major proportion of the total domestic production of the subject goods. The Authority, therefore, determines that the applicant constitutes domestic industry within the meaning of Rule 2 (b) and the application satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

Product under consideration

4. The product under consideration is "Measuring Tapes". All type of steel measuring tapes and fibre glass measuring tapes are the subject matter of the present petition. These are generally used for measuring the length, breadth etc. of an object. These are mostly used by foreman, mason, carpainter, forestry departments and tailors etc. Measuring Tapes are manufactured from tempered high quality carbon steel blade, phosphated and coated with special enamel to withstand corrosion and rust. Measuring tapes are used for: -

a. high precision professional jobs;

b. measuring depth, width, or length of an object;

c. contraction and surveys.

5. In technical terms, measuring tapes are defined in terms of length and width of a tape, raw material used, i.e., steel or fibre glass, and finally precision with which dimensions are marked on the tape. These are classified under Chapter 90 of the Customs Tariff Act under sub-headings 9017, 9017.80, 9017.8001, 9017.90. The applicant has stated that subject goods are being imported under above-mentioned sub-headings. The Custom classification, however, is indicative only and not binding on the scope of investigation.

Like Article

6. The applicant has claimed that the subject goods being produced by the domestic industry are identical to the subject goods being dumped into India from the subject countries. The applicant has claimed that the subject goods produced by the applicant and imported from the subject countries are having comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable and hence should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicant in India are being treated as 'Like Article' to the subject goods being imported from the subject countries.

Subject Countries

7. The subject countries in the present investigation are Chinese Taipei, Malaysia, Thailand and Vietnam.

Normal Value

8. The applicant has claimed that they made efforts to get information about the price at which these items are being traded in the domestic markets of the subject countries. The applicant has further claimed that they have not been able to procure any such information or reasonable evidence of price prevailing in the domestic markets of the subject countries which are market economy countries. The applicant has, thus, constructed normal value for determination of normal value on the basis of cost of production in India duly adjusted, except power cost for which prices have been collected for the individual countries from the source United States Energy Information Administration, Monthly Energy Review, May 2010. The normal value has been claimed for Steel and Fibre Glass Tapes separately owing to significant cost and price difference between the two types. Further, the major raw material used for production of the two types is also different.

Export Price

9. The applicant has determined the export prices based on IBIS import data to assess the volume and value of subject import in India. The export prices have been adjusted for ocean freight, marine insurance, bank charges, commission, port and inland freight expenses.

DG Shipping Registration Not Required for Import of Capital Goods and Raw Materials for Repairs of Ocean-going Vessels by a Ship Repair Unit

Ntfn 43
04.08.2015
(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. 12/2012-Customs, dated the 17th March, 2012, which was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 185(E), dated the 17th March, 2012, namely:-

In the said notification, in the Table, against S. No. 459, for the entry in column (3), the entry "Capital goods and spares thereof, raw materials, parts, material handling equipment and consumables, for repairs of ocean-going vessels by a ship repair unit" shall be substituted.

[F.No. 354/162/2015-TRU)]

Dumping Margin

10. The normal values and the export prices have been compared at ex-factory level, which show significant dumping margin in respect of the subject countries. There is sufficient prima facie evidence that the normal values of the subject goods in the subject countries are significantly higher than the ex-factory export prices, indicating, prima facie, that the subject goods are being dumped into the Indian market by the exporters from the subject countries.

There is sufficient evidence of the significant dumping margin to justify initiation of antidumping investigation.

Injury and Causal Link

11. The applicant has claimed that domestic industry has suffered material injury from dumped imports from the subject countries. The demand for the product has increased over the injury period. Subject imports have increased in absolute terms and relative to production and consumption in India. The imports are undercutting the domestic prices and the imports have suppressed the domestic prices to a significant level and have thereafter depressed the domestic prices. With regard to consequent impact of the imports on the domestic industry, performance of the domestic industry has deteriorated in respect of parameters such as profits, return on capital employed and cash profits. The domestic industry is suffering significant financial losses, cash losses and negative return on investments. The petitioner has claimed that the material injury has been caused due to the dumped imports from the subject countries. There is sufficient prima facie evidence of injury to the domestic industry caused by dumped imports from subject countries to justify initiation of an anti-dumping investigation.

Period of Investigation (POI)

12. The Period of Investigation (POI) determined by the Authority is from April 2014 to March 2015. The injury investigation period will, however, cover the periods 2011-12, 2012- 13, 2013-14 and the Period of Investigation.

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

No Relief on Anti-dumping Review on Foshan Dihai Trading in Ceramic Glazed Tiles Case – Final Duty in 2009 Notification to Apply with Retrospective Effect

Ntfn 35-ADD
31.07.2015
(DoR)

Whereas, in the matter of import of ceramic glazed tiles other than vitrified tiles where at least one of the sides (length or width) exceeds 17 inches or 431.80 millimeters (mm) or 43.18 centimeters (cm) or 1.4167 feet (hereinafter referred to as the subject goods), falling under tariff item 6908 90 90 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in or exported from China PR (hereinafter referred to as the subject country), the designated authority, *vide* its final findings in notification No. 14/16/2008-DGAD, dated the 9th October, 2009 published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 12th October, 2009 had recommended imposition of anti-dumping duty on all imports of subject goods from the subject country in order to remove the injury to the domestic industry;

And whereas, on the basis of the aforesaid findings of the designated authority, the Central Government had imposed an anti-dumping duty on the subject goods, *vide*, notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 127/2009-Customs, dated the 2nd December, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), dated the 2nd December, 2009, vide number G.S.R. 853 (E), dated the 2nd December, 2009;

And whereas, M/s Gaoyao Marshal Ceramics Co. Ltd., China PR (producer) through M/s Foshan Dihai Trading Development Co. Ltd., China PR (exporter) had requested for review in terms of rule 22 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, in respect of exports of the subject goods made by them, and the designated authority, *vide* new shipper review notification No. 15/38/2010-DGAD, dated 19th October, 2011, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 19th October, 2011, had recommended provisional assessment of all exports of the subject goods made by the above stated party when imported into India, till the completion of the review by it;

And whereas, in exercise of the powers conferred by sub-rule (2) of rule 22 of the said rules, the Central Government, after considering the aforesaid recommendation of the designated authority, *vide*, notification of the Government of India in the Ministry of Finance (Department of Revenue), notification No. 109/2011-Customs, dated the 15th December, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 884 (E), dated the 15th December, 2011 had ordered that pending the outcome of the said review by the designated authority, the subject goods, when exported by M/s Gaoyao Marshal Ceramics Co. Ltd., China PR (producer) through M/s Foshan Dihai Trading Development Co. Ltd., China PR (exporter) and imported into India, shall be subjected to provisional assessment till the review is completed;

And whereas, the designated authority in the matter of new shipper review initiated *vide* notification No. 15/38/2010-DGAD, dated 19th October, 2011, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the19th October, 2011, *vide* its final findings in notification No. No. 15/38/2010-DGAD dated the 2nd June, 2015, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 2nd June, 2015 has concluded that no individual dumping margin is justified in respect of exports of the subject goods made to India by M/s Gaoyao Marshal Ceramics Co. Ltd., China PR (producer) through M/s Foshan Dihai Trading Development Co. Ltd., China PR (exporter) and has accordingly recommended that, the exports of the subject goods made by M/s Gaoyao Marshal Ceramics Co. Ltd., China PR (Producer) and M/s Foshan Dihai Trading Development Co. Ltd., China PR (Exporter), during the period from the date of initiation of the present new shipper review investigation recommending provisional assessment, may be subjected to levy of anti-dumping duty as imposed earlier on the imports of the subject goods, originating in or exported from China PR, *vide* Notification No. 127/2009-Customs, dated 2nd December, 2009.

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 9A of the Customs Tariff Act, read with rules 18, 20, 22 and 23 of the said rules, the Central Government, hereby orders that all imports of the subject goods by M/s Gaoyao Marshal Ceramics Co. Ltd., China PR (producer) through M/s Foshan Dihai Trading Development Co. Ltd., China PR (exporter) which have been subjected to provisional assessment pursuant to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 109/2011-Customs, dated the 15th December, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 884 (E), dated the 15th December, 2011 shall be subjected to final assessment on the payment of antidumping duty as imposed *vide* Notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 127/2009-Customs, dated the 2nd December, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), dated the 2nd December, 2009, vide number G.S.R. 853 (E), dated the 2nd December, 2009.

[F. No. 354/ 117/2009-TRU] (Pt.-1)

Previous Notification on Anti-dumping Review on Foshan Dihai Trading in Ceramic Glazed Tiles Case Rescinded

Ntfn 36-ADD
31.07.2015
(DoR)

In exercise of the powers conferred by sub-section (1) and sub-section (5) of section 9A of the Customs , Tariff Act 1975 (51 of 1975), read with rules 18, 20 and 22 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 hereby **rescinds** the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. **109/2011-Customs, dated the 15th December, 2011**, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 884 (E), dated the 15th December, 2011, except as respects things done or omitted to be done before such rescission. [F. No. 354/ 117/ 2009-TRU] (Pt.-1)

India Builds Destroyers to Match the 62 Subs of China, US Boosts Efforts

In a dock opening onto the Hooghly River near central Kolkata, one of India's most lethal new weapons is going through a final outfit.

The Kadmatt is a submarine killer, bristling with technology to sniff out and destroy underwater predators. It's the second of four warships in India's first dedicated anti-submarine force - a key part of plans to spend at least $61 billion on expanding the navy's size by about half in 12 years.

The build-up is mostly aimed at deterring China from establishing a foothold in the Indian Ocean. It also serves another goal: Transforming India's warship-building industry into an exporting force that can supply the region, including U.S. partners in Asia wary of China's increased assertiveness.

China showed its growing naval prowess when it deployed a nuclear-powered submarine to patrol the Indian Ocean for the first time last year, while a diesel-powered one docked twice in Sri Lanka. India says another Chinese submarine docked in May and July in Pakistan, which is reportedly looking to buy eight submarines in what would be China's biggest arms export deal.

Obama Help

The U.S.'s Seventh Fleet has patrolled Asia's waters since World War II and is backing India's naval expansion. On a January visit to New Delhi, President Barack Obama pledged to explore ways of sharing aircraft carrier technology. The two countries also flagged the need to safeguard maritime security in the South China Sea, where neither has territorial claims.

India's present fleet of 137 ships falls far short of the more than 300 vessels in China, which has Asia's biggest navy. China boasts at least 62 submarines, including four capable of firing nuclear ballistic missiles, according to the Pentagon.

The vessels on India's wish list show Prime Minister Narendra Modi's intent on expanding the navy's influence from Africa to the Western Pacific. Most of them will be made in India, a sign that moves to upgrade the country's shipyards are starting to pay off for the world's biggest importer of weapons.

100 Warships

India plans to add at least 100 new warships, including two aircraft carriers, as well as three nuclear powered submarines capable of firing nuclear-tipped ballistic missiles. It will also tender for submarine-rescue vessels, a first for a navy that's operated submarines for four decades.

Part of that strategy involves overseas sales. India recently made its first ever warship export to the island nation of Mauritius. The patrol vessel was built by Kolkata-based Garden Reach Shipbuilders and Engineers Ltd., one of four government-run shipyards.

Billionaire Invests

India wants to produce all of the components on its naval vessels domestically by 2030, Navy Chief Admiral RK Dhowan said this month. Now it only makes about a third of weapons and sensors, and about 60 percent of propulsion systems.

To make that happen, Dhowan wants private firms involved. Billionaire Anil Ambani said this month his Reliance Anil Dhirubhai Ambani Group Ltd. would make a 50 billion rupee ($780 million) investment in a shipyard on India's western coastline.

While India is capable of building warships, it relies on the U.S., Russia and Europe for technology and lags the world's bigger players.

Chinese experts led by Defense Ministry spokesman Senior Colonel Yang Yujun told Indian media this month that clashes are possible if India views the adjacent ocean as its "backyard."

India wants to take a leadership role in the Indian Ocean and ultimately become the predominant naval power. Its moves reflect an instinctive view among many in Delhi that if the Indian Ocean is not actually India's Ocean, then in an ideal world it ought to be.

Chief Executive Officers of PSUs can also Issue Duty Exemption Certificate for Import of Aircraft, Aircraft Parts

Ntfn 42
30.07.2015
(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. 39/96- Customs, dated the 23rd July, 1996, published in the Gazette of India, Extraordinary, vide number G.S.R. 291(E), dated the 23rd July, 1996, namely:-

In the said notification, in the TABLE, against **S.No.10A**, in column (3), in the *Explanation,* in item (ii), for the words "functional Director" the words "functional Director or the Chief Executive Officer, as the case may be," shall be substituted.

[F.No.354/140/2013 –TRU]

Korea Ship Builders Lose to China as Oil Crashes

The world's three biggest shipbuilders posted a combined 4.8 trillion won ($4.1 billion) in operating losses in the second quarter, paying the price for a failed foray into deep-sea oil rigs.

Hyundai Heavy Industries Co., Daewoo Shipbuilding & Marine Engineering Co. and Samsung Heavy Industries Co. — South Korea's Big Three shipbuilders — all reported losses Wednesday that were far worse than analysts had estimated. The root cause: a venture into offshore oil rigs starting around 2010 to avoid direct competition with Chinese shipbuilders, who had the advantage of cheap labor to make low-profit tankers.

Mounting losses at vessel makers are the latest example of difficulties for the global shipbuilding industry after a glut of vessels and low freight rates spelled trouble for Chinese shipyards in recent years, prompting them to seek government aid.

"Uncertainties still remain going forward, as the offshore rigs haven't been completed yet and a low oil price lessens the need for new orders."

Hyundai Heavy reported an operating loss of 171 billion won compared with an expected 55.4 billion won in profit.

Samsung Heavy posted 1.55 trillion won in losses in the last quarter, more than four times the loss estimated by analysts. Daewoo Shipbuilding recorded an operating loss of 3.03 trillion won, more than triple what analysts had estimated.

Shipbuilding has been central to South Korea's economy since the 1970s. Ships accounted for 8.5 percent of the country's total exports through June 20 of this year, up from 7 percent for all of 2014, according to the trade ministry.

Worldwide, the shipbuilding industry is seeing fewer orders as a sluggish global economy and low freight rates discourage ship owners from buying new vessels. Last year, China Rongsheng Heavy Industries Group Holdings Ltd., once the nation's biggest shipyard outside government control, was forced to seek financial aid.

Mounting losses and lack of orders have hurt the stock prices of the shipbuilders. Hyundai Heavy shares have fallen 13 percent this year while Daewoo has declined 60 percent and Samsung 29 percent. Korea's benchmark Kospi index is up 6.4 percent since the start of the year.

The move into offshore drilling rigs began in earnest around 2010, as the global slowdown and competition from cheaper Chinese companies challenged the Big Three's traditional business. With oil prices rising and Chinese shipyards unable to build sophisticated rigs, the offshore business seemed to promise higher profits and less competition.

It didn't work out that way. Crude oil prices collapsed 60 percent from June 2014 to March 2015, damping demand for drilling rigs. What's more, Korean companies used to working on rig projects at depths of 1,000 meters or less found deep-sea construction more complicated and costly.

Tariff Value of Silver Down by $21/kg; Brass Scrap $104/MTs; Crude Palm Oil $15/MTs; Palmolein $13/MTs; Soyabean Oil $26/MTs

72-Cus(NT) 31.07.2015 (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	635
2	1511 90 10	RBD Palm Oil	656
3	1511 90 90	Others – Palm Oil	646
4	1511 10 00	Crude Palmolein	667
5	1511 90 20	RBD Palmolein	670
6	1511 90 90	Others – Palmolein	669
7	1507 10 00	Crude Soya bean Oil	716
8	7404 00 22	Brass Scrap (all grades)	3384
9	1207 91 00	Poppy seeds	1913

Table-2

SNo.	Chapter/ heading/s ub-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	354 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	477 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	2268"

[F. No. 467/01/2015 -Cus-V]

Zero Duty Exemption on Anti Tuberculosis Drugs, Diagnostic and Eqpt Import Extended upto 1 April 2016

Ntfn 41 30.07.2015 (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 makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 49/2013-CUSTOMS, dated the 29th November, 2013, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R.762 (E), dated the 29th November, 2013, namely:-

In the said notification,-

(a) in the *Explanation*, for the figures, letters and words "1st day of October, 2015", the figures, letters and words "1st day of April, 2016 " shall be substituted;

(b) after the *Explanation,* for the TABLE, the following TABLE shall be substituted, namely:-

"Table

Sl.No.	Category	Description of goods
(1)	(2)	(3)
1.	**Anti Tuberculosis Drugs**	(i) New Cases (PC-1) (ii) Re-treatment cases (PC-2) (iii) Prolongation Pouches (PC-4) (iv) Pediatric Box (PC-13) (v) Pediatric Box (PC-14) (vi) Pediatric Pouch (PC-15) (vii) Pediatric Pouch (PC-16) (viii) Isoniazid-100 mg (PC-7) (ix) Ethambutol-800 mg (PC-10) (x) Isoniazid-300 mg (PC-11) (xi) Kanamycin 500 mg (PC-17) (xii) Kanamycin 1000 mg (PC-27) (xiii) Capreomycin 500 mg (PC-42) (xiv) Capreomycin 750 mg (PC-35) (xv) Capreomycin 1000 mg (PC-36) (xvi) Levoflox-250 mg (PC-28) (xvii) Levoflox-500 mg (PC-29) (xviii) Moxifloxacin 400 mg (PC-39) (xix) Cycloserine 250 mg (PC-24) (xx) Ethionamide 250 mg (PC-20) (xxi) Ethionamide 125 mg (PC-30) (xxii) Na-PAS 4 gm (PC-32) (xxiii) Na-PAS 10 gm (PC-25) (xxiv) Ethambulol 400 mg (PC-45) (xxv) Ethambulol 800 mg (PC-10) (xxvi) Pyrazinamide 500 mg (PC-8) (xxvii) Pyrazinamide 750 mg (PC-23) (xxviii) Pyridoxine 50 mg (PC-31) (xxix) Pyridoxine 100 mg (PC-26) (xxx) Clofazimine 100 mg (PC-40) (xxxi) Linezolid 600 mg (PC-38) (xxxii) Amoxyclav 875/125 mg (PC-43) (xxxiii) Sodium PAS 4 gm (PC-32) (xxxiv) Sodium PAS 10 gm (PC-25) (xxxv) Clarithromycin 500 mg (PC-37) (xxxvi) Thiacetazone 150 mg (PC-44) (xxxvii) Inj. Streptomycin-750mg (PC-5) (xxxviii) Cap Rifampicin-150mg(PC-6) (xxxix) Cap Rifabutin-150mg(PC-33)
2.	**Diagnostics and Equipments**	(i) Biosafety cabinet Class II A2 with UPS as per specification (ii) Bacteriologic Incubator (300 LT) (iii) Refrigerated centrifuge with UPS as per specification (iv) Autoclaves: Horizontal (v) Autoclaves: Vertical (vi) LPA Equipments (vii) LC Equipments (viii) LPA kits (ix) Liquid Culture reagents (x) Capillia Kits (xi) Fluorescence microscope (xii) DNA Sequencing kits (xiii) Inspissators (xiv) LED Fluorescence microscopes (xv) Binocular Microscopes (xvi) CB-NAAT machine (xvii) Cartridges (xviii) Annual Calibration.".

[F. No. 354/195/2014-TRU]

Russia Defends Rouble, Cuts Purchases of FC

Russia's central bank halted purchases of foreign currency to replenish the country's international reserves, a move that may lay the groundwork for a fifth interest-rate cut this year at a meeting on Friday.

The operations were suspended from July 28 as a result of "growth in volatility on the domestic currency market," the regulator said in a website statement on Wednesday. It also said that currency purchases were reduced to $160 million on Monday from $200 million daily last week. The ruble appreciated as much as 1.4 percent after the announcement before paring gains.

The unexpected move sets the stage for policy makers to extend their easing cycle after a weaker ruble emerged as an obstacle to lower borrowing costs by threatening to reignite inflation. The interventions, compounded by a slump in oil prices, have sent the Russian currency tumbling more than 17 percent since the central bank began its push to rebuild reserves in mid-May, the world's worst performance in that period.

The central bank will cut their key rate by a half point to 11 percent at their July 31 meeting, according to 25 of 34 forecasts in a Bloomberg survey. It's already lowered the benchmark by a cumulative 5.5 percentage points this year following an emergency increase in December.

Monetary Stimulus

Looser policy is needed to help combat Russia's first recession since 2009 amid a slump in oil prices and U.S. and European sanctions over Russia's support for rebels in Ukraine. Last year's ruble collapse, the worst since 1998, spurred inflation to the fastest in 13 years and devastated consumer demand, a mainstay of Russia's economic recovery since the 2008-2009 crisis.

The ruble traded 0.2 percent stronger at 59.8920 against the dollar as of 11:24 a.m. in Moscow. Forward-rate agreements are signaling 13 basis points of decreases in borrowing costs during the next three months, the smallest this year.

The central bank, which allowed the ruble to trade freely last year, has bought about $10 billion since resuming currency purchases on May 13.

Policy Clash

The shift has prompted criticism from banks and officials as going against the regulator's free-float policy, in which the market sets the exchange rate. The Bank of Russia has defended the interventions as compatible with its free float.

US Loses to Argentina on Beef Ban at WTO, Lifts Ban

OIE Grants Zero FMD Status to Argentina

A WTO panel (DS447) found last Friday that a US import ban on animals and beef from Argentina violates global trade rules, citing inconsistencies with the relevant rules on measures to protect food safety and animal and plant health.

The ban, which was imposed in response to an outbreak of foot-and-mouth disease (FMD) in northern Argentina in 2001, violates various provisions under the WTO's Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), the panel ruled.

FMD is a highly contagious disease that primarily affects cloven-hoofed livestock and wildlife and is often fatal to non-vaccinated young animals. It can also lead to decreased milk yield, permanent hoof damage, and chronic mastitis. Vaccinating animals is considered one way to fight the disease.

Disease status

The WTO uses the World Organization for Animal Health (OIE) as the reference organisation for standards relating to animal health and zoonoses, including the latter's Terrestrial Animal Health Code (OIE Code).

Chapter 8.5 of this code is specifically devoted to foot-and-mouth disease. It aims to provide for safe trade in FMD-susceptible animals and products from them by recommending particular mitigating measures for both exporting and importing members, which are to be adopted depending on the exporting country or zone's FMD-status.

The OIE recognised the entire Argentine territory as free of foot-and-mouth disease where vaccination is not practised in 2000. This country-wide determination was then suspended in May 2001 following new FMD outbreaks.

Between 2003 and 2007, northern Argentina obtained OIE recognition as FMD-free where vaccination is practised, though the status was suspended three times following disease outbreaks in certain areas. This status was renewed annually after it was reinstated in 2007. In 2011 the OIE recognised the protection zone established along the Argentine border with Bolivia, Paraguay, and Brazil as FMD-free where vaccination is practised.

Import ban

The US has been FMD-free for over 80 years and does not vaccinate cattle or other FMD-susceptible species. The OIE has formally acknowledged the disease's absence in the US. Following various disease outbreaks in Argentina, Washington moved to prohibit imports of beef from the South American country, though such imports were allowed from neighbouring Uruguay, despite not being declared by the US Animal and Plant Health Inspection Service (APHIS) to be free of the disease.

Harmonisation, international standards, review process

The SPS Agreement encourages governments to "harmonise" or base national SPS measures on international standards, guidelines, and recommendations developed in other international organisations, such as the OIE.

The panel found that the relevant provisions of the OIE Code provides that imports from countries or zones that vaccinate cattle can be safely traded and should be permitted subject to the relevant mitigating protocols.

Separately, the panel also found that the US did not undertake and complete the procedure to review Argentina's request for imports of beef from northern Argentina as well as the request for declaring Patagonia as FMD-free without undue delay, as required by the SPS Agreement. Following this finding, the panel said that Washington failed to fulfil its obligations to provide Argentina requested updates or explanations for the delay.

Given its earlier finding on the US' "undue delays" in completing new risk assessments, the panel said that maintaining the import ban violates this particular trade rule.

The panel found that the US' appropriate level of protection is "to prevent the introduction or dissemination of foot-and-mouth disease within the United States," which can be described as being higher than that achieved by the Terrestrial Code.

Discrimination

The panel sided with Argentina in finding that the US' decision to import Uruguayan beef while blocking that from northern Argentina constituted arbitrary or unjustifiable discrimination between members where the same conditions prevail, and is applied in a way that serves as a disguised restriction on trade – thus violating trade rules.

Regionalisation

The panel said that at the time of the panel's establishment, Argentina had provided the necessary evidence to "objectively demonstrate" that Patagonia as a whole was disease-free and likely to remain so.

Therefore, the panel found that the US' decision not to recognise Patagonia as disease-free is a failure to adapt its general import prohibition of FMD-susceptible animals and products from Argentina to the specific SPS characteristics of the Patagonia region, thus violating the SPS Agreement's regionalisation obligations.

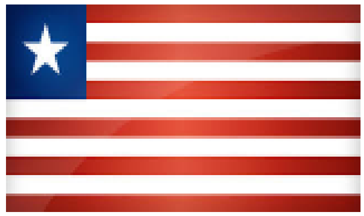
Next steps

In August 2014, after the panel was established, APHIS announced that it was adding the Patagonia region of Argentina to the lists of regions that are considered free of FMD and rinderpest, thus allowing exports of products to the US. Last month, APHIS announced it was lifting the import ban on beef from northern Argentina, effective 28 September 2015.

Kazakhstan Approved, Liberia Moves Towards WTO Membership

WTO members formally signed off on Kazakhstan's accession on Monday, bringing the Central Asian country into the final stage of becoming the global trade body's 162nd member.

The approval of Kazakhstan's accession package came during the 27-28 July meeting of the WTO's General Council, which is the global trade body's highest decision-making body outside of the ministerial conference. The Working Party tasked with the accession talks had already approved these terms in principle in June.



Astana's negotiations for joining the WTO kicked off in 1996. The accession package must now be ratified by its parliament by 31 October of this year, with its membership taking effect 30 days after Kazakhstan notifies the WTO of ratification.

Currently, the bulk of Kazakhstan's foreign trade turnover – over 90 percent – involves current WTO members, he noted, a significant shift from the mid-1990s, when the Central Asian economy mainly had ties with post-Soviet nations. Over forty percent of Kazakh trade involves the EU, with other main partners including Russia, China, the US, and Canada.

Among the various commitments that Astana has pledged to take on include binding tariff rates for all products on an average at 6.1 percent. Within the area of agricultural products, this average ceiling is set at 7.6 percent, while non-agricultural goods will be bound at a 5.9 percent average tariffs.

Notably, Kazakhstan has also made commitments in 10 services sectors, including telecommunications, insurance, banking, tourism, and distribution, among others. Nazarbayev noted on Monday that developing the services sector is a priority for Kazakhstan, given that this currently accounts for approximately 54 percent of domestic GDP.

Astana will also be joining the WTO's Information Technology Agreement (ITA), a plurilateral tariff-cutting deal that already has 81 participating countries. The Central Asian economy has also committed to beginning talks to join the Government Procurement Agreement (GPA), another plurilateral WTO pact that deals with public contracts.

Liberia to join by ministerial?

Another accession bid that is reportedly approaching the finish line is that of Liberia, a least developed country (LDC) situated in West Africa that has been in talks to join the WTO since 2007.

Notably, Liberia has reached a series of bilateral agreements with interested WTO members – such as Canada, Chinese Taipei, the EU, the US, and Japan – over the past few months, which is a key component of accession negotiations.

Liberia's membership bid can be approved in a final meeting of the Working Party to adopt *ad referendum* the draft accession terms would be held in the first half of October, if all proceeds on schedule.

Should Liberia's accession negotiations be successful, it would mark the 35th LDC to join the WTO, as well as the 163rd member.

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Customs Valuation Exchange Rates

17 July 2015		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	47.60	46.20
2	Bahrain Dinar	173.45	163.95
3	Canadian Dollar	49.80	48.60
4	Danish Kroner	9.45	9.20
5	EURO	70.35	68.60
6	Hong Kong Dollar	8.25	8.15
7	Kuwaiti Dinar	216.15	204.30
8	New Zealand Dollar	42.30	41.00
9	Norwegian Kroner	7.90	7.70
10	Pound Sterling	100.50	98.25
11	Singapore Dollar	47.05	46.05
12	South African Rand	5.25	4.95
13	South Arabian Riyal	17.45	16.50
14	Swedish Kroner	7.55	7.35
15	Swiss Franc	67.45	65.90
16	UAE Dirham	17.80	16.85
17	U.S. Dollar	64.10	63.10
Schedule II [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]			
1	Japanese Yen	51.95	50.80
2	Kenyan Shilling	64.25	60.45

(Source: Customs Notification 68(NT)/16.07.2015)

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