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Nirmala Ducks Question on Firm Date for FTP 2014-19, says Policy Release, "Very Soon"

- Arun Goyal -

The Commerce Minister Nirmala Sitharaman said that the Five Year Foreign Trade Policy will be released "Very Soon" in a Press Conference in the Capital on 10 Sept. (Our sources say that Prime Minister Modi has not yet made his mind on the "new look" FTP which is already delayed. The 2009-2014 policy expired six months ago on 31 March 2014. Trade and Industry are not sure on what the future will be, the uncertainty is affecting fresh contracting. Another source said that the Ministry has run out of ideas, it is groping for a vision which goes beyond growth rates and trade shares).

Minister Nirmala Sitharaman and Commerce Secretary Rajeev Kher talked about procedural reforms and minor matters of State participation in Export Promotion. There was no talk of the "Make in India" slogan in the I-Day Speech of PM Modi from the ramparts of Red Fort. (Far reaching reform of duty free access to raw materials for export production will be required. A shift from Input-Output Norms based control for Advance Authorisation of Imports for Export Production will be necessary. Return to the REP type instruments with market based negotiability for Advance Authorisation and Reward Scrips is a must. In the absence of a proper policy frame, resort to procedural simplifications and EDI will be, at best, palliatives).

India's relative position in trade vis-à-vis competitors like China is falling. Doling out growth figures makes no sense in the absence of comparisons, with competition.

Highlights from Commerce Minister Nirmala Sitharaman's addresses media persons at PIB National Media Centre on 10 September 2014

Foreign Trade Policy (FTP)

The New Foreign Trade Policy (FTP) (2014-19) is on the anvil, which would include strategy, goals, road maps and timeframe for increasing exports. This would be comprehensive and composite, focussing on: products which are winners and potential winners, targeted global engagements, branding and packaging measures etc.

Trade Promotion and Reforms

- **Reduction in transaction costs through initiatives for simplification of documents and procedures**

Re-alignment, redrafting and synchronisation of paragraphs in all Chapters of FTP/HBP to bring in more clarity, rationalize the number in Schemes (Chapter-3) and to ensure that provisions are placed in an orderly manner. Number of columns in Application forms for various schemes is being reduced to the minimum.

- **Digitization of various processes**

(i) Procedural simplification and on-line inter-ministerial consultation

In order to simplify the various procedures, it has been proposed to do inter-ministerial consultations online where exporters can file their applications on the DGFT website. This will reduce the transaction cost and transaction time and also bring transparency in the system.

(ii) Discontinuation of printing of all authorisation and EODC – Moving towards paperless work

DGFT has proposed not to issue any authorisations in physical form and would like to issue authorisations under duty exemption, EPCG Schemes and scrips in an electronic form. This will make a paperless transaction a reality. We are working with CBEC to take this initiative forward.

India's Strong Stand in the WTO

India has taken a leadership role to:

Rectify the imbalance in the Bali package implementation process and prevent the development being subverted again. Stand taken by India includes reiteration of the position that India is committed to all the Bali Decisions including Trade facilitation. However, for a balanced Bali outcome, WTO must deliver on the other Bali Decisions, including the Decision on public stockholding for food security purposes in a time bound manner.

Ensure a permanent solution on public stockholding for food security to correct a longstanding injustice in WTO rules. India also offered suggestions on the procedure to be followed in order to ensure time bound delivery of an outcome on public stockholding for food security. India also made a case for adopting a similar approach on all the elements of the Bali package including the LDC issues.

Extensive review of Special Economic Zones for re-energizing manufacturing-led exports.

Governance reforms in SEZs e.g.

- Prescription of time limits for disposal of various activities related to SEZ Developers/Units
- Digitization of procedures
- Standardization of procedures, harmonization of rules, formats and fees etc.
- Decisions on modification of MAT & DDT and the dual use of infrastructure in non-processing areas, these proposals are in active consideration
- Other issues such as those relating to Service Tax, extending the tax holiday for the pharmaceutical industry and extension of Customs ICEGATE system to the SEZ

India Formally Signs Trade in Services and Trade in Investments Agreement with ASEAN

India has formally signed the Trade in Services & Trade in Investments Agreement with ASEAN. The Services Agreement will open up opportunities of movement of both manpower and investments from either side between India and ASEAN. Nine out of ten ASEAN countries have signed the same. Philippines is completing its domestic procedure and it is expected to sign soon. It may be mentioned that India-ASEAN Agreement on Trade in Goods was signed in 2009 and became effective from 2010. The Trade Agreement has boosted the total trade between India and ASEAN substantially in the past four years.

It may be noted that this Agreement on Services & Investment was scheduled to be signed in Nay Pay Taw, Myanmar, during the ASEAN Economic Ministers (AEM) meeting on 26th August, 2014. However, in view of the launch of Prime Minister's Jandhan Yogana for inclusive banking, the Minister of State (Independent Charge) Commerce and Industry Smt. Nirmala Sitharaman (who was in-charge of the launch of the scheme) could not attend the AEM. She, however, deputed the senior officers from the Ministry of Commerce who attended all the important meetings and consultations on her behalf.

The Minister reiterated the deep historical, cultural and economic ties with ASEAN-India values its economic partnership with ASEAN. The signing of the agreement in Services & Investment is reflective of India's deep commitment to have a strong institutional architecture for economic ties with ASEAN. As part of this economic vision, India is also part of the RCEP negotiations which presently being discussed between ASEAN and its six partner countries.

Key features of the Trade in Services Agreement:

- The Trade in Services Agreement with the ASEAN contains all features of a modern and comprehensive agreement on Services and is in line with the other bilateral agreements that India has signed so far. Some of the important Articles contained in the Agreement are ones on transparency, domestic regulations, recognition, market access, national treatment, increasing participation of developing countries, joint committee on services, review, dispute settlement and denial of benefits.
- Both India and ASEAN Member States have taken GATS plus commitments in various Services and modes of supply. Each ASEAN Member State has tabled individual schedule of commitments which are equally applicable for India and other ASEAN Member States. India on the other hand has tabled three schedules of commitments one for Philippines, one for Indonesia and one for the remaining eight ASEAN Member States. It was also agreed by India that in order to increase participation of the least developed countries no additional requests would be tabled to the CLMV countries (Cambodia, Lao, Myanmar and Vietnam). All the three schedules tabled by India are well within the existing autonomous regime of India.
- A brief annex on Movement of Natural persons (one of the key areas of interest for India) has been included in the Agreement. This Annex defines Business Visitors, Intra Corporate Transferees (Managers, Executives and Specialists) and Contractual Service Suppliers. This will help provide commercially meaningful market across in ASEAN for our professionals, including those from the IT/ITeS sector. Independent professionals have not been defined in the Annex.

China Posts Record Surplus as Exports-Imports Diverge

China's trade surplus climbed to a record in August as exports (CNFREXPY) rose on the back of increased shipments to the U.S. and Europe, while imports fell for a second month as a property slump hurt domestic demand.

Exports increased 9.4 percent from a year earlier, the Beijing-based customs administration said on 8 September. Imports unexpectedly dropped 2.4 percent, leaving a trade surplus of $49.8 billion.

Divergent directions for exports and imports show China is some way from providing the global growth boost will eclipse the U.S. economy in 2024. Languishing domestic demand underscores risks to the government's economic-growth target this year of about 7.5 percent as home prices and construction fall, boosting chances of additional stimulus.

U.S. Economy

China's exports are being helped by U.S. economic growth that rebounded to a 4.2 percent annualized pace in the second quarter, with measures of consumer confidence and manufacturing rising in August, and construction spending increasing in July from the previous month by the most in two years.

framework, are being actively pursued

Plantations

- An insurance based scheme being evolved for stabilization of prices of four plantation crops (Tea, Coffee, Rubber and Spices).
- A National Policy for rubber sector being formulated
- A special agency, namely the 'Saffron Production& Export Development Agency' (SPEDA) to be set up for development, production and marketing of saffron with headquarters in Jammu & Kashmir.
- Additional measures for promotion of export of orthodox and packaged tea and GI branding of tea are likely to be announced in the Foreign Trade Policy. Subsidy-based support under the XII Plan will be redesigned to achieve the goal of enhancing production as well as exports.
- Policy measures will be taken to improve quality of grown/manufactured tea. Steps will be taken to fix, within an early time frame, MRLs for chemicals authorized for use in tea cultivation in light of the CODEX standards.
- An exercise of resetting the goals and functions of Commodity Boards and making them more citizen-centric will be taken up.
- Branding campaigns planned for promotion of export of specific sectors such as services, pharmaceuticals, plantation commodities, engineering, and commodities/services in which India has historical strengths such as handicrafts, yoga etc.
- Indian Institute of Packaging to be strengthened to emerge as a technology hub/centre for setting packaging standards of export oriented products in line with international trends/norms and improving/controlling quality of export packages.

Initiatives for Africa

- 4th India – Africa Trade Ministers' Meet in New Delhi on 28 November 2014; the recommendations of this Meet will be considered by the Heads of Government during the India – Africa Forum Summit – III on 4 - 5 December 2014.
- Meeting of the India – Africa Business Council to be held, along with Trade Ministers' Meet.

E-procurement

- An ambitious programme for e-procurement in States to be supported
- 23 States are already on board; others will also be taken on board; objective is wider and deeper coverage
- The target is that over the next 1 year, there will be a shift to e-tendering for all procurement exceeding Rs. 5 lakh

Project Exports

- Focus on Project exports, specially to Africa, West Asia, CIS countries, ASEAN and Cambodia, Laos, Myanmar and Vietnam.

Improving Production Standards and Building Brand India

- A mandatory standards regime to be implemented, to protect consumers and also raise the quality of merchandise produced which in turn raises the capacity to export to discerning markets.
- This together with promotion of our traditional brands of goods like tea, spices, ayurvedic products and services like, yoga, wellness and health care as valued Indian brands can lead to greater value addition and export realization.
- The export diversification policy pursued by the Government needs to be accelerated by expanding both the range of products and number of countries. Indian exports should move up the value chain. Export of branded goods needs to be encouraged by promoting individual brands. Manufacturing exports require strong brand promotion. Sectors like Gems and Jewellery, Leather, Textiles, Engineering etc. are striving to carve an exclusive 'Brand India' niche for themselves in the world markets.
- India Brand Equity Foundation (IBEF) is playing a key role in product perception and production promotion strategies in international markets. IBEF's primary objective is to promote and create international awareness of the *Made in India* label in markets overseas and to facilitate the dissemination of knowledge of Indian products and services. Towards this objective, IBEF works closely with stakeholders across government and industry.

WEEKLY INDEX OF CHANGES

Board Asks Commissioners to Litigate in Appeal on SAD Levy in DEPB Case – Refund from 2006 Denied to Exporters even as Govt Loses Case in High Court and Supreme Court – Exporters Fear Unjust Enrichment Clause if Govt Loses further in Courts – Where are the "Achche Din", They Wonder

[Ref: F.No. 276/125/2012-CX.8A, Cus dated 25th August 2014]

Sub:- Proposal for filing of Review Petition before the Hon'ble Supreme Court against order dated 15.02.2013 passed by the Hon'ble Supreme Court in SPL (C) CC No. 3741/2013 filed by the Department in the case of UOI Vs M/s Gujarat Ambuja Exports Ltd.

I am directed to say that Board's Circular No. 18/2006-Cus dated 05.06.2006 clarified that the SAD is payable by the importer on the imports made under DEPB scheme. The said circular was challenged before the Hon'ble High Court of Gujarat, which vide its order dated 25.07.2012 quashed the said Circular dated 05.06.2006. The SLP(C) CC No. 3741/2013 filed by Department against the said order of High Court was dismissed by Hon'ble Supreme Court vide their order dated 15.02.2013.

2. Further, Board received a proposal from the Commissioner of Customs, Ahmedabad for filing of Review Petition against order dated 15.02.20 13 passed by the Hon'ble Supreme Court. The matter was examined by Board and the case was referred to the Ministry of Law & Justice regarding feasibility of filing Review Petition. The Ld.ASG has opined against filing of Review Petition in the mailer stating that no purpose will be served by filing the Review as the Hon'ble Supreme Court will not entertain this matter. In this regard it is also mentioned that other case file of M/s Adani Wilmar Ltd. involving similar issue was also referred to the Law Ministry, wherein, the Ld. ASG has opined as under:

"Even otherwise, I am unable to understand what purpose will be served by filing a review petition in a case where the Hon'ble Supreme Court has dismissed a SLP in limine without assigning any reasons. An in limine dismissal merely means that the Hon'ble Supreme Court did not find it an appropriate case to consider the matter. Such an order does not amount to law declared under Article 141 of the Constition of India *(Kunhayamrned Vs State of Kerala 2000 6 SCC 359 at 371)*"

3. The issue has been further examined in the Board. I am directed to convey that it is felt that since Department have prima facie a strong case on merit in its favour, field formations should take up all such cases (involving aforesaid issue) for filing of Appeal before the Courts/Tribunal.

4. This issues with the approval of the Member (L&J).

Foreign Portfolio Investors (FPIs) Allowed to Interest Hedging for Full Maturity Duration

Sub: Risk Management and Inter Bank Dealings: Hedging Facilities for Foreign Portfolio Investors (FPIs)

AP(DIR Srs) Cir.28 08.09.2014 (RBI)

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

2. Under the extant regulations, Foreign Portfolio Investors (FPIs) are allowed to approach any AD Category I bank for hedging their currency risk on the market value of entire investment in equity and/or debt in India as on a particular date subject to certain conditions as specified in A.P. (DIR Series) Circular No. 32 dated December 28, 2010 as amended from time to time.

3. In order to enhance the hedging facilities for the FPIs holding securities under the Portfolio Investment Scheme (PIS) in terms of schedules 2, 2A, 5, and 8 of the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 (Notification No. FEMA 20 /2000-RB dated 3rd May 2000) as amended from time to time, as announced in the Monetary Policy Statement of April 1, 2014, it has been decided to permit FPIs to hedge the coupon receipts arising out of their investments in debt securities in India falling due during the following twelve months subject to the condition that the hedge contracts shall not be eligible for rebooking on cancellation. The contracts can however be rolled over on maturity provided the relative coupon amount is yet to be received.

4. All other regulations and guidelines issued under FEMA, 1999 relating to investment in debt securities and hedging facilities for non resident investors including FPIs shall remain unchanged.

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

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

RBI Eases Rules for ECB Lenders to Extend Loans in Rupees

Sub: External Commercial Borrowings (ECB) in Indian Rupees

AP(DIR Srs) Cir.25 03.09.2014 (RBI)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Regulation 6 of Notification No. FEMA.3 2000-RB dated May 03, 2000 in terms of which persons resident in India may raise foreign currency loans from non-residents in accordance with the provisions contained in this Notification. Their attention is also invited to paragraph 2(ii)(a) of AP (DIR Series) Circular No. 27 dated September 23, 2011 in terms of which all eligible borrowers are eligible to raise ECB in Indian Rupees from foreign equity holders as per the extant ECB guidelines.

2. With a view to providing greater flexibility for structuring of ECB arrangements, it has been decided that recognised non-resident ECB lenders may extend loans in Indian Rupees subject to the following conditions:

a. The lender should mobilise Indian Rupees through swaps undertaken with an Authorised Dealer Category-I bank in India.

b. The ECB contract should comply with all other conditions applicable to the automatic and approval routes as the case may be.

c. The all-in-cost of such ECBs should be commensurate with prevailing market conditions.

3. For the purpose of executing swaps for ECBs denominated in Indian Rupees, the recognised ECB lender, if it desires, may set up a representative office in India following the prescribed laid down process.

4. It may be noted that the hedging arrangement for ECBs denominated in Indian Rupees extended by non-resident equity-holders shall continue to be governed by the provisions of AP (DIR Series) Circular No. 63 dated December 29, 2011.

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

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

World Bank Pink Sheet – September 2014

Crude, Metals, Precious Metals and Raw Materials Down in August

Up ↑

Cocoa; Coffee, arabica;

Groundnut oil; Soybean meal

Barley; Rice; Wheat US SRW; Bananas US; Meat beef and chicken

DAP, TSP and Urea

Aluminium, Lead and Zinc

Gold, Silver and Platinum

Down ↓

Crude; Natural gas; Tea; Coconut oil and Copra; Fishmeal

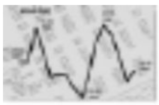
Palm oil and Palmkernel oil; Soybean oil and Soybeans

Maize; Sorghum; Wheat US HRW; Bananas EU; Sheep meat

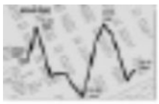
Oranges; Sugar; Logs, Plywood and Sawnwood; Cotton and Rubber; Copper, Iron Ore, Nickel and Tin

Steady ↔

Coal; Groundnuts; Shrimp; Woodpulp; Rock phosphate and Potassium chloride



	Monthly averages				Quarterly averages					Annual averages		
		2014			2013		2014		2011	2012	2013	
	Jun	Jul	Aug		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Energy												
Coal, Australia $/mt	71.5	68.8	68.9	↔	86.1	77.3	82.0	77.1	72.7	121.4	96.4	84.6
Coal, Colombia $/mt	63.3	66.1	68.8	↑	71.3	65.8	71.1	68.4	64.8	111.5	84.0	71.9
Coal, South Africa $/mt	74.1	71.4	71.2	↔	80.4	72.9	83.0	78.4	75.0	116.3	92.9	80.2
Crude oil, average $/bbl	108.4	105.2	100.1	↓	99.3	107.4	104.5	103.7	106.3	104.0	105.0	104.1
Crude oil, Brent $/bbl	111.9	107.0	101.9	↓	103.0	110.1	109.4	107.9	109.8	110.9	112.0	108.9
Crude oil, Dubai $/bbl	108.0	105.8	101.9	↓	100.8	106.2	106.7	104.4	106.1	106.0	108.9	105.4
Crude oil, WTI $/bbl	105.2	102.9	96.4	↓	94.2	105.8	97.4	98.7	103.1	95.1	94.2	97.9
Natural gas, Index 2010=100	112.9	103.1	101.1	↓	118.6	108.3	111.9	127.8	115.5	108.5	99.2	112.1
Natural gas, Europe $/mmbtu	9.8	9.3	9.1	↓	12.4	11.5	11.4	11.3	10.2	10.5	11.5	11.8
Natural gas, US $/mmbtu	4.6	4.0	3.9	↓	4.0	3.6	3.9	5.2	4.6	4.0	2.8	3.7
Natural gas, LNG Japan $/mmbtu	16.1	15.2	15.5	↑	16.3	15.6	15.7	16.7	16.4	14.7	16.6	16.0
Beverages												
Cocoa $/kg	3.17	3.20	3.27	↑	2.31	2.47	2.77	2.95	3.08	2.98	2.39	2.44
Coffee, arabica $/kg	4.36	4.34	4.70	↑	3.20	2.98	2.77	3.82	4.67	5.98	4.11	3.08
Coffee, robusta $/kg	2.18	2.24	2.21	↓	2.14	2.04	1.85	2.12	2.26	2.41	2.27	2.08
Tea, average $/kg	2.85	2.96	2.80	↓	2.89	2.79	2.82	2.65	2.80	2.92	2.90	2.86
Tea, Colombo auctions $/kg	3.58	3.51	3.49	↓	3.29	3.37	3.77	3.72	3.60	3.26	3.06	3.45
Tea, Kolkata auctions $/kg	3.06	3.29	2.90	↓	3.04	2.76	2.56	1.94	2.81	2.78	2.75	2.73
Tea, Mombasa auctions $/kg	1.91	2.10	2.03	↓	2.35	2.23	2.14	2.29	1.98	2.72	2.88	2.40
Food												
Oils and Meals												
Coconut oil $/mt	1,402	1,260	1,177	↓	839	912	1,175	1,343	1,387	1,730	1,111	941
Copra $/mt	934	861	770	↓	560	603	791	896	923	1,157	741	627
Fishmeal $/mt	1,765	1,806	1,774	↓	1,821	1,699	1,600	1,583	1,693	1,537	1,558	1,747
Groundnuts $/mt	1,228	1,260	1,260	↔	1,400	1,380	1,370	1,329	1,224	2,086	2,175	1,378
Groundnut oil $/mt	1,310	1,325	1,350	↑	1,860	1,694	1,537	1,311	1,228	1,988	2,436	1,773
Palm oil $/mt	857	841	766	↓	850	827	897	911	887	1,125	999	857
Palmkernel oil $/mt	1,234	1,116	947	↓	836	871	1,057	1,278	1,262	1,648	1,110	897
Soybean meal $/mt	553	502	510	↑	528	552	570	582	566	398	524	545
Soybean oil $/mt	936	888	857	↓	1,070	1,006	991	977	967	1,299	1,226	1,057
Soybeans $/mt	516	480	460	↓	505	527	555	552	518	541	591	538
Grains												
Barley $/mt	132.6	132.4	134.6	↑	230.4	191.0	150.7	129.5	137.9	207.2	240.3	202.2
Maize $/mt	202.4	182.7	176.4	↓	291.3	241.9	199.4	209.9	214.0	291.7	298.4	259.4
Rice, Thailand 5% $/mt	397.0	422.0	445.0	↑	541.6	477.3	442.7	443.7	393.3	543.0	563.0	505.9
Rice, Thailand 25% $/mt	356.0	375.0	414.0	↑	509.4	435.7	408.9	375.0	351.3	506.0	543.8	473.0



	Monthly averages				Quarterly averages					Annual averages		
	2014				2013	2014			2011	2012	2013	
	Jun	Jul	Aug		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Rice, Thailand A1 $/mt	402.6	435.4	460.6	↑	511.1	440.5	411.8	426.7	397.8	458.6	525.1	474.0
Rice, Vietnam 5% $/mt	404.5	420.9	442.6	↑	387.8	383.1	397.2	391.2	388.6	513.6	434.4	392.4
Sorghum $/mt	204.7	193.0	185.4	↓	259.9	219.2	202.1	224.2	219.4	268.7	271.9	243.3
Wheat, US HRW $/mt	306.5	280.4	263.4	↓	313.8	305.8	308.0	297.1	322.1	316.3	313.2	312.2
Wheat, US SRW $/mt	236.6	218.3	220.4	↑	275.2	257.7	276.4	264.0	263.7	285.9	295.4	276.7
Other Food												
Bananas, EU $/kg	1.07	1.02	0.99	↓	1.07	0.98	0.94	1.05	1.14	1.12	1.10	1.02
Bananas, US $/kg	0.93	0.93	0.96	↑	0.91	0.93	0.93	0.95	0.92	0.97	0.98	0.92
Meat, beef $/kg	4.41	5.02	5.72	↑	4.11	3.89	4.03	4.23	4.30	4.04	4.14	4.07
Meat, chicken $/kg	2.44	2.48	2.49	↑	2.29	2.34	2.31	2.31	2.40	1.93	2.08	2.29
Meat, sheep $/kg	6.85	6.74	6.43	↓	5.45	5.56	6.06	6.32	6.70	6.63	6.09	5.65
Oranges $/kg	0.83	0.78	0.77	↓	1.07	1.14	0.83	0.78	0.84	0.89	0.87	0.97
Shrimp, Mexico $/kg	18.08	18.08	18.08	↔	12.24	15.15	16.70	17.09	17.75	11.93	10.06	13.84
Sugar, EU domestic $/kg	0.44	0.44	0.43	↓	0.43	0.43	0.44	0.45	0.45	0.45	0.42	0.43
Sugar, US domestic $/kg	0.56	0.55	0.56	↑	0.43	0.45	0.46	0.47	0.55	0.84	0.64	0.45
Sugar, World $/kg	0.40	0.40	0.38	↓	0.39	0.38	0.39	0.37	0.40	0.57	0.47	0.39
Timber												
Logs, Cameroon $/cum	475.7	474.0	466.1	↓	457.4	464.1	476.5	479.6	480.0	484.8	451.4	463.5
Logs, Malaysia $/cum	291.7	292.7	289.2	↓	301.8	301.1	296.3	289.8	291.5	390.5	360.5	305.4
Plywood ¢/sheets	535.1	536.9	530.4	↓	553.5	552.3	543.6	531.5	534.7	607.5	610.3	560.2
Sawnwood, Cameroon $/cum	810.0	818.2	800.3	↓	736.2	743.8	776.0	792.9	806.5	825.8	759.3	749.2
Sawnwood, Malaysia $/cum	921.3	930.6	910.3	↓	837.4	846.0	882.7	901.9	917.3	939.4	876.3	852.8
Woodpulp $/mt	875.0	875.0	875.0	↔	818.7	830.9	858.7	870.2	887.5	899.6	762.8	823.1
Other Raw Materials												
Cotton, A Index $/kg	2.00	1.85	1.63	↓	2.04	2.02	1.92	2.07	2.04	3.33	1.97	1.99
Rubber, RSS3 $/kg	2.09	2.02	1.85	↓	2.91	2.59	2.53	2.25	2.12	4.82	3.38	2.79
Rubber, TSR20 $/kg	1.71	1.69	1.66	↓	2.45	2.35	2.31	1.98	1.73	4.52	3.16	2.52
Fertilizers												
DAP $/mt	461.5	499.4	505.0	↑	489.8	432.1	366.1	476.1	458.9	618.9	539.8	444.9
Phosphate rock $/mt	110.0	110.0	110.0	↔	166.3	143.2	110.0	104.4	110.0	184.9	185.9	148.1
Potassium chloride $/mt	287.0	287.0	287.0	↔	392.3	391.9	341.6	314.0	287.0	435.3	459.0	379.2
TSP $/mt	371.3	411.5	417.5	↑	426.0	366.0	301.3	365.9	369.2	538.3	462.0	382.1
Urea, E. Europe $/mt	297.9	301.7	321.9	↑	342.4	307.5	313.9	337.5	296.0	421.0	405.4	340.1
Metals and Minerals												
Aluminum $/mt	1,839	1,948	2,030	↑	1,836	1,783	1,767	1,709	1,800	2,401	2,023	1,847
Copper $/mt	6,821	7,113	7,002	↓	7,161	7,086	7,163	7,030	6,795	8,828	7,962	7,332
Iron ore $/dmt	93	96	93	↓	125	133	135	120	103	168	128	135
Lead $/mt	2,107	2,193	2,237	↑	2,053	2,102	2,114	2,101	2,097	2,401	2,065	2,140
Nickel $/mt	18,629	19,118	18,600	↓	14,967	13,956	13,909	14,661	18,468	22,910	17,548	15,032
Tin $/mt	22,762	22,424	22,231	↓	20,902	21,314	22,897	22,636	23,146	26,054	21,126	22,283
Zinc $/mt	2,128	2,311	2,327	↑	1,842	1,861	1,909	2,026	2,071	2,194	1,950	1,910
Precious Metals												
Gold $/toz	1,279	1,311	1,295	↓	1,415	1,329	1,271	1,293	1,289	1,569	1,670	1,411
Platinum $/toz	1,453	1,492	1,446	↓	1,466	1,451	1,396	1,427	1,446	1,719	1,551	1,487
Silver $/toz	19.9	20.9	19.7	↓	23.2	21.4	20.8	20.5	19.7	35.2	31.1	23.8

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

India Seeks to Elbow Out China on Rare Earths Export to Japan

A rare earths production plant is set to be developed in the coastal Indian state of Odisha. Allegedly the new facility could eventually produce up to 5000 tonnes of rare earths, the equivalent of around 5 percent of current global supplies.

An official from state-owned Indian Rare Earths– an arm of the Indian Department of Atomic Energy– told that the facility is expected to produce rare earth oxides by processing monazite, a radioactive phosphate mineral found in beach sands.

The project is set to jointly benefit both Indian and Japanese industry, based on a previous agreement between Indian Rare Earths and Japan's Toyotsu Rare Earths India, itself a branch of Toyota Tsusho.

Tokyo and Delhi signed an agreement in November 2012 for the Asian island nation to import up to 4,100 tonnes of rare earths a year from India.

However, a timeline for expected rare earths output from the Odisha plant has yet to be determined.

Rare earths supply

Rare earths are processed and utilised in the manufacturing of camera lenses, cars, iPhones, wind turbines, and other high-tech products and computerised systems – many of which constitute the backbone of Japan's export economy.

In recent years Japan – the world's largest importer of rare earths – has sought to build strategic trade partnerships with other countries such as Australia and the US in a bid to wean off reliance on Chinese rare earths exports following trade tensions around the minerals.

At present, China is estimated to produce up to 90 percent of rare earths, and yet it is responsible for less than 25 percent of the global supply, according to the US Geological Survey.

Japan, along with the EU and the US, also took China to the WTO over its imposition of rare earths export restrictions as well as over tungsten and molybdenum.

Despite the fraught case at the WTO over minerals supply, China is thought to possess only around 36 percent of worldwide rare earth deposits, which are relatively abundant elsewhere in the earth's crust. The US was once a leading producer of the minerals until the emerging Asian giant undercut world prices in the 1990s.

The Asian economy has imposed a series of measures over the past four years to limit the export of such minerals, actions that sent importing economies scrambling to secure alternative sources and prompted the litigation action at the global trade arbiter in early 2012. The three complainants in the case argued that the measures favoured China's domestic industry and inflated global prices for rare earths.

Beijing rebutted that its policies were intended to protect natural resources and limit environmental damage as a result of extraction.

Rare earths extraction involves the use of sulphur, ammonia, and other chemicals, which can then leak into surrounding water supplies. Such problems are compounded when the mining takes place illegally, a challenge China has repeatedly attempted to tackle in recent years.

The case brought to light questions around how to design conservation measures while complying with global trade rules, as well as how to address the UN principle of sovereignty over natural resources.

Extract from the Joint Statement on the State Visit of Prime Minister of Australia to India

The Prime Minister of Australia Mr Tony Abbott paid a State Visit to India from 4-5 September, 2014 at the invitation of Prime Minister Shri Narendra Modi.

The Prime Ministers welcomed the signing of the bilateral Civil Nuclear Cooperation Agreement as a concrete symbol of the bilateral partnership. They noted the Agreement would enable the sale of Australian uranium to support India's growing energy needs and directed the negotiators to conclude the Administrative Arrangements at an early date.

Abbott welcomed growing Indian investment in Australia and underlined Australia's commitment to providing a stable investment environment and streamlined approvals process. Prime Minister Modi too welcomed Australian investments in a range of infrastructure, resources, technology and other projects in India.

Welcomed the progress towards a Comprehensive Economic Cooperation Agreement (CECA) would support a significant expansion of two-way trade and investment. They renewed the commitment of both countries for an early conclusion of an equitable, balanced, comprehensive and high quality agreement.

On behalf of the Prime Ministers of Australia and New Zealand, Prime Minister Abbott extended an invitation to Prime Minister Modi to attend the commemoration of the 100 year anniversary of Gallipoli in 2015. (The site in Turkey where the Anzac Corps fought the Turks in WWI).

Agreed to deepen the cooperation between both countries on energy security through a Ministerial-level dialogue. They agreed to develop a strategic partnership on energy and resources based on long-term, sustainable and reliable supply of Australian resources based on India's energy needs. They agreed that cooperation on energy - extending to coal, LNG, renewables and uranium-and on resources such as iron ore, copper and gold were key elements of the relationship and committed to intensifying these links.

Welcomed increasing collaboration on the challenge of managing scarce water resources and river basin management and announced an extension of the MoU on water cooperation. Prime Minister Modi welcomed Australia's offer to support India's Ganga rejuvenation efforts.

Acknowledged ongoing cooperation in other regional bodies such as the ASEAN Regional Forum and the Asia Europe Meeting. Abbott reiterated Australia's support for India's membership of the Asia Pacific Economic Cooperation forum (APEC).

Underlining the importance of greater connectivity to support growing commercial and cultural ties, including in the education and tourism sectors, the Prime Ministers welcomed the commencement of direct Air India flights to Australia. Noting the growing numbers of tourists travelling in both directions, they welcomed the decision to commence negotiations on a Memorandum of Understanding on Tourism.

Mr Tony Abbott renewed his invitation to Prime Minister Narendra Modi to visit Australia. Modi accepted the invitation to undertake a bilateral visit to Australia at the time of the G20 Summit in November 2014. Both sides agreed that the visit of Prime Minister Modi to Australia will lead to strengthening of the cooperative relations between the two countries, and will provide further impetus for the future development of the strategic partnership.

EU Welcomes WTO ruling against Argentinian Measures on Imports

EU Trade Commissioner, Karel De Gucht, on 22 August 2014 welcomed a ruling by an independent panel at the World Trade Organisation (WTO) that certain conditions which Argentina introduced for firms wishing to import goods into the country break WTO law.

The EU submitted an official complaint about the measures in May 2012, along with the US and Japan. The WTO panel ruling upholds these claims and gives a clear verdict: Argentina may not require local importers or foreign firms to accept various practices forced upon them by the Argentinean authorities as a condition for being allowed to import goods into the country.

These practices include requirements to:

(a) offset the value of their imports into Argentina with at least the equivalent in exports;

(b) limit their imports, either in volume or in value;

(c) reach a certain level of local content in their domestic production;

(d) invest in Argentina; or

(e) keep any profits made in Argentina in the country.

The WTO panel also ruled against a procedure known as the Advanced Sworn Import Declaration ('Declaración Jurada Anticipada de Importación', or DJAI). This requires firms to secure approval by the Argentine authorities before importing goods.

Argentina introduced the measures as part of its so-called 'managed trade' policy. This aims to substitute imports for locally-sourced products and to reduce or eliminate the country's trade deficits with other countries or regions. The WTO's ruling ensures that Argentina cannot apply this policy by ignoring its obligations under the WTO. The measures have imposed a severe burden on importers of EU products into Argentina and also impair the capacity of foreign firms to operate in the country.

Background

The EU, Japan and the US launched a WTO dispute settlement case in May 2012. Initial consultations with Argentina in July 2012 did not bring an amicable solution. As a result, the WTO set up a panel in January 2013. All parties now have 60 days in which to appeal against the panel's ruling if they wish. If there is no appeal, or once an appeal is completed, Argentina will have to bring itself into compliance by changing these measures, either immediately or within a reasonable period of time. That period of time will either be negotiated between Argentina, the EU, the US and Japan, or fixed by a WTO arbitrator.

Clouds Over Solar Energy Projects?

The US-based company First Solar, one of the world's top producers of solar modules, made headlines last month when it confirmed that it would be building a 4.5 GW project in the state of Telangana. Built across two sites, the project would be in operation by May 2015, expected to power on average over 92,000 homes in the region.

The process of adding new solar projects has not been without its own share of hurdles, however.

Plans for a 4 GW solar power plant in the state of Rajasthan stalled last month, according to the Wall Street Journal, after the newly-elected local government said the land involved should be used exclusively for salt production while other officials contended the plans would threaten the ecology of the area. Should the project move forward, however, the plant would be the world's largest such station.

Meanwhile, the National Solar Mission continues to face international scrutiny, four years after its launch. Specifically, the NSM's local content provision has come under challenge by the US at the WTO, with Washington claiming that the requirement for new Indian solar projects to source at least half of their inputs from domestic producers is in breach of international trade rules.

Pears, Peaches and Cabbage Rot in Europe as Russia Bans Import

Russia, the biggest buyer of European pears, last month banned an array of food imports from the European Union, U.S. and other countries that supported sanctions against it over conflicts in Ukraine. The restrictions pushed prices lower for everything from Spanish peaches to Latvian cabbage to Finnish dairy products, according to Brussels-based farm lobby Copa-Cogeca.

Support Measures

In the wake of the Russian ban, the EU announced support measures for fruit and vegetable producers worth 125 million euros ($162 million), which include payments for non-harvesting of crops and for free distribution of fruit to charities, hospitals or schools. About 82 million euros of the total will be allotted to apple and pear producers, said Roger Waite, a spokesman for the European Commission, the EU's administrative arm.

Exports of all EU food products now banned by Russia were worth 5.1 billion euros last year, representing 4.2 percent of the bloc's total agricultural shipments, according to the European Commission. About 29 percent of the EU's fruit and vegetable exports went to Russia, and the sector is the most affected by the ban because the products are perishable, the Commission said in a Sept. 3 report.

Indian Rupee Falls Most in a Week as Fed Rate Bets Boost Dollar

India's rupee fell the most in a week and government bonds declined on speculation an improving U.S. economy will prompt the Federal Reserve to bring forward its timetable for increasing interest rates.

The rupee fell 0.3 percent to 60.4525 per dollar in Mumbai. That's the biggest drop since Sept. 2. The yield on the 8.4 percent sovereign notes due July 2024 rose one basis point, or 0.01 percentage point, to 8.51 percent, according to the central bank's trading system.

Exchange Rates for Customs Valuation

Rupee Gains to 61.00 from 61.25 for Imports w.e.f. 5 Sept 2014

75-Cus(NT) 04.09.2014 (DoR)

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in super session of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.72/2014-CUSTOMS (N.T.), dated the 21st August, 2014 *vide* number S.O. 2107(E), dated the 21st August, 2014, except as respects things done or omitted to be done before such super session, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or *vice versa* shall, ***with effect from 5th September, 2014*** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo.	Currency	Imprted Goods Current	Imprted Goods Previous	Exported Goods Current	Exported Goods Previous
(1)	(2)	(3)			
		(a)		(b)	
Schedule I *– Rate of exchange of one unit of foreign currency equivalent to Indian rupees*					
1.	Australian Dollar	57.35	56.95	55.80	55.45
2.	Bahrain Dinar	165.15	165.80	156.05	156.70
3.	Canadian Dollar	56.25	56.05	54.80	54.65
4.	Danish Kroner	10.85	10.95	10.50	10.65
5.	EURO	80.55	81.50	78.60	79.55
6.	Hong Kong Dollar	7.90	7.90	7.75	7.75
7.	Kuwait Dinar	218.65	220.05	206.30	207.85
8.	Newzeland Dollar	51.10	51.45	49.65	50.15
9.	Norwegian Kroner	9.90	9.95	9.60	9.65
10.	Pound Sterling	100.80	101.85	98.55	99.60
11.	Singapore Dollar	48.90	49.10	47.80	48.00
12.	South African Rand	5.85	5.80	5.50	5.50
13.	Saudi Arabian Riyal	16.60	16.65	15.70	15.75
14.	Swedish Kroner	8.75	8.90	8.50	8.65
15.	Swiss Franc	66.85	67.30	65.05	65.70
16.	UAE Dirham	16.95	17.00	16.00	16.10
17.	US Dollar	61.00	61.25	60.00	60.25
Schedule II *– Rate of exchange of 100 units of foreign currency equivalent to Indian rupees*					
1.	Japanese Yen	58.45	59.20	57.00	57.80
2.	Kenya Shilling	70.25	70.85	66.30	66.85

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

Dollar Rises to 6-Year High versus Yen on Fed Policy Bets

The dollar rose to the strongest in almost six years versus the yen as Treasury yields climbed on speculation economic reports this week will back the case for the Federal Reserve to boost interest rates next year.

A gauge of the greenback advanced to a 14-month high before U.S. data forecast to show jobless claims fell and retail sales improved. Fed policy makers next meet Sept. 16-17. The pound fell for a sixth day, extending yesterday's biggest slide in 14 months, before Scotland votes on independence next week. China's yuan climbed to a six-month high as the central bank raised its fixing by the most in almost four years.

The dollar rose 0.2 percent to 106.23 yen in London after appreciating to 106.34, the highest since October 2008. The U.S. currency gained 0.1 percent to $1.2883 per euro, after reaching $1.2867, the strongest since July 2013. The euro was little changed at 136.87 yen.

Export Credit of US$18mn to Mauritius

Sub: Exim Bank's Line of Credit of USD 18 million to the Government of the Republic of Mauritius

AP(DIR Srs) Cir.27 05.09.2014 (RBI)

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated May 05, 2014 with the Government of the Republic of Mauritius for making available to the latter, a Line of Credit (LOC) of USD 18 million (USD Eighteen million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of financing acquisition of Waterjet Fast Attack Craft by Mauritius. The goods, machinery, equipment and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from July 28, 2014 and the date of execution of Agreement is May 05, 2014. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (May 04, 2020) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

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

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

Gold Holds near Three-Month Low as Dollar's Climb Curbs Demand

Gold traded near a three-month low as the dollar advanced on speculation the Federal Reserve will increase interest rates next year, curbing demand for an alternative investment. Platinum fell to the lowest since April.

Bullion for immediate delivery was at $1,255.55 an ounce at 1:49 p.m. in Singapore from $1,255.45. Prices dropped to as low as $1,251.52 on 8 September, the lowest since June 10. Gold for December delivery added 0.2 percent to $1,256.50 on the Comex.

Gold has declined 5.4 percent this quarter as the outlook for higher borrowing costs reduced demand for an inflation hedge. Fed policy makers will meet Sept. 16-17.

Export Credit of US$26.50mn to Honduras

Sub: Exim Bank's Line of Credit of USD 26.50 million to the Government of the Republic of Honduras

AP(DIR Srs) Cir.26 05.09.2014 (RBI)

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated January 15, 2014 with the Government of the Republic of Honduras for making available to the latter, a Line of Credit (LOC) of USD 26.50 million (USD Twenty six million and five Hundred Thousand) for financing eligible goods, machinery, equipment and services from India for the purpose of financing Development of Agriculture and Irrigation Infrastructure in the Jamastran Valley in Honduras. The goods, machinery, equipment and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from August 13, 2014 and the date of execution of Agreement is January 15, 2014. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (January 14, 2020) from the execution date of the Credit Agreement in the case of other supply contracts.

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

[Full text of the Circular is available at our website www.worldtradescanner.com]

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