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WTO Forecasts Fall of 1.6% in 2014 Trade

New Rate Pegged at 3.1%, 2015 Forecast Cut to 4.0%

WTO economists have reduced their forecast for world trade growth in 2014 to 3.1% (down from the 4.7% forecast made in April) and cut their estimate for 2015 to 4.0% from 5.3% previously.

The downgrade comes in response to weaker-than-expected GDP growth and muted import demand in the first half of 2014, particularly in natural resource exporting regions such as South and Central America.

“In light of this, the WTO’s forecasts for trade growth have also been revised downwards for 2014 and 2015. Uneven growth and continuing geopolitical tensions will remain a risk for both trade and output in the second half of the year.

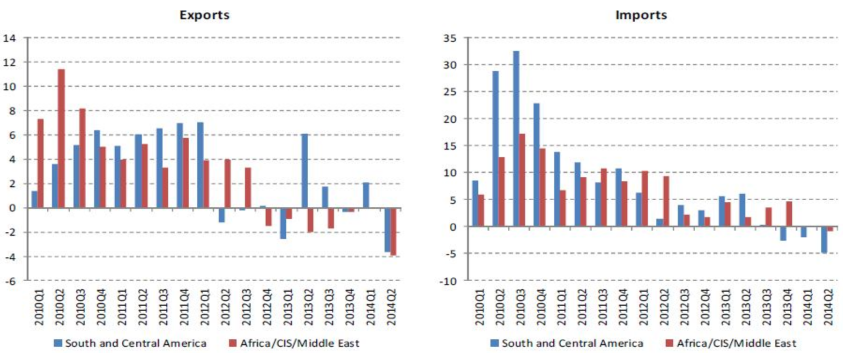
When the last forecast was released in April 2014, conditions for stronger trade growth appeared to be falling into place after a two year slump that saw world merchandise trade grow just 2.2% on average during 2012–13, roughly equal to the rate of growth of world gross domestic product (GDP). Leading indicators at the time pointed to an upturn in developed economies and Europe in particular.

Although growth has strengthened somewhat in 2014, it has remained unsteady. Output fell in the first quarter in the United States (–2.1%, annualized rates) and in the second quarter in Germany (–0.6%), sapping global import demand. China’s GDP growth also slowed from 7.7% in 2013 to 6.1% in the first quarter of 2014 before rebounding in the second. The slow first quarter contributed to weak exports in trading partners.

Tensions between the European Union and the United States on the one hand and the Russian Federation on the other over Ukraine have already resulted in trade sanctions on certain agricultural commodities, and the number of products affected could widen if the crisis persists. Conflict in the Middle East is also stoking uncertainty, and could lead to a spike in oil prices if the security of oil supplies is threatened. Finally, an outbreak of Ebola haemorrhagic fever in West Africa has proven difficult to contain, and any spread of the disease could trigger a broader panic with major economic implications for West Africa, and perhaps even beyond the region.

NATURAL RESOURCES TRADE

(Non-seasonally adjusted volume indices, 2010Q1=100)



Source: WTO Secretariat.

Asia recorded the fastest export growth of any region in the first half of 2014, with a 4.2% rise over the same period last year. It was followed by North America (3.3%), Europe (1.2%), South and Central America(–0.8%), and Other regions (–2.0%). North America led all regions on the import sidewith growth of 3.0%, followed by Asia (2.1%), Europe (1.9%), Other regions (“0.4) and South America (–3.4%).

Merchandise exports and imports, July 2012-July 2014

(Year-on-year percentage change in current dollar values)

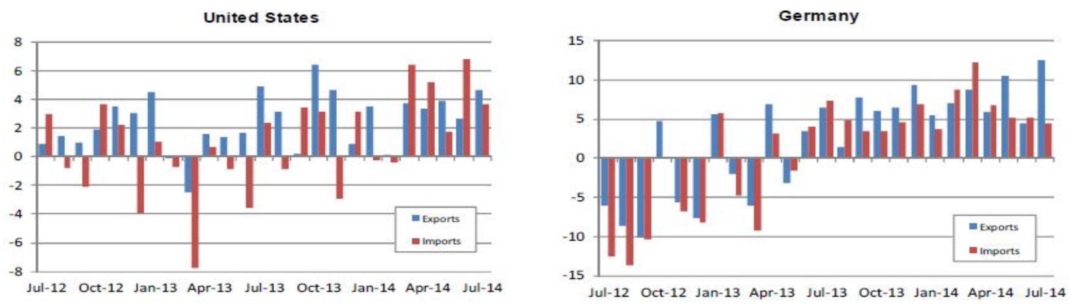


Table 1: World merchandise trade and GDP, 2010-2015 [a]

Annual % change

	2010	2011	2012	2013	2014P	2015P
Volume of world merchandise trade	13.9	5.4	2.3	2.2	3.1	4.0
Exports						
Developed economies	13.4	5.2	1.1	1.5	2.5	3.8
Developing economies	15.0	5.5	4.1	3.9	4.0	4.5
North America	15.0	6.6	4.4	2.8	3.7	3.9
South and Central America	4.7	6.8	0.7	1.4	0.4	3.2
Europe	11.6	5.6	0.8	1.5	2.3	3.5
Asia	22.6	6.4	2.8	4.7	5.0	4.8
Other regions [b]	6.0	1.9	4.2	0.6	-0.1	4.2
Imports						
Developed economies	10.9	3.4	0.0	-0.3	3.4	3.7
Developing economies	18.2	7.7	5.4	5.3	2.6	4.5
North America	15.7	4.4	3.1	1.2	3.9	4.2
South and Central America	22.4	13.0	2.3	3.1	-0.7	4.8
Europe	9.8	3.2	-1.8	-0.5	2.5	3.5
Asia	18.1	6.6	3.7	4.5	4.0	4.3
Other regions [b]	11.4	8.3	10.1	3.3	1.3	3.5
Real GDP at market exchange rates (2005)	4.1	2.8	2.2	2.3	2.6	3.1
Developed economies	2.6	1.4	1.1	1.3	1.8	2.2
Developing economies	7.5	5.8	4.6	4.4	4.3	4.9
North America	2.7	1.8	2.3	2.1	2.1	3.1
South and Central America	6.1	4.5	2.5	3.2	1.2	2.4
Europe	2.2	2.0	-0.2	0.3	1.4	1.7
Asia	7.2	4.2	4.2	4.2	4.6	4.5
Other regions [b]	5.2	4.0	4.2	2.8	2.9	3.9

[a] Figures for 2014 and 2015 are projections.

[b] Other regions comprise the Africa, Commonwealth of Independent States and Middle East.

Sources: WTO Secretariat for trade, consensus estimates for GDP.

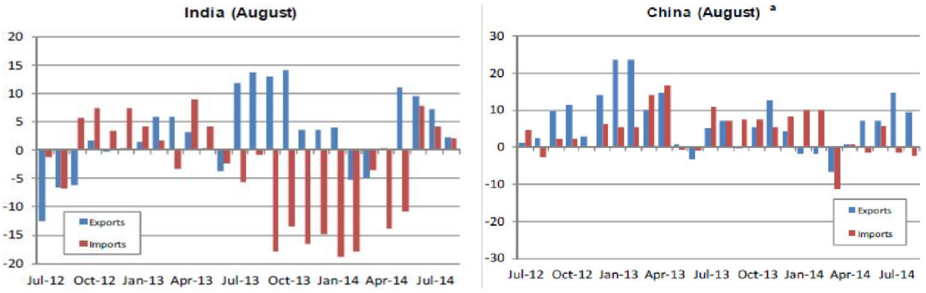
On the export side, the WTO anticipates a 2.5% increase in shipments from developed economies in 2014, followed by a 3.8% rise in 2015. Meanwhile, exports of developing economies are expected to grow by 4.0% in 2014 and 4.5% in 2015. Imports of developed economies are forecast to rise 3.4% this year and 3.7% next year, while those of developing economies increase 2.6% in 2014 and 4.5% in 2015.

Perhaps the most noteworthy aspect of Table 1 is the prediction of weak or even negative trade growth in South and Central America and Others regions (i.e. Africa, CIS and Middle East) in 2014. Economies in these regions have been negatively affected by a combination of civil conflict, weak non-fuel commodity prices, and the easing of growth in previously buoyant trading partners in Asia. Another notable point is the fact that North America's import demand held up relatively well despite the GDP slowdown in the first quarter (Q1).

Finally, nominal merchandise trade statistics in current dollar terms may provide a better indication of current trade trends than statistics in volume terms since the former are generally timelier. These are shown in Chart 4 for selected major traders through July or August depending on data availability. In the chart we observe that year-on-year growth in exports and imports remained positive in the United States in July (+5% and +4%, respectively), as it did in the European Union (+4% and +7% for total trade). Meanwhile, although China's exports were up 9% in August, the country's imports fell 2%. Overall, the trade figures in dollar terms appear to be holding steady and showing modest growth.

Merchandise exports and imports, July 2012-July 2014

(Year-on-year percentage change in current dollar values)



[a] January and February averaged to minimize distortions due to lunar new year.

Source: IMF International Financial Statistics, Global Trade Information Services GTA database, national statistics.

India-China Sign MOUs

We discussed regional connectivity and the proposal for the Bangladesh, China, India and Myanmar Economic Corridor. Located at the crossroads of Asia, India believes that reconnecting Asia is important for its collective prosperity. I also believe that our efforts to rebuild physical connectivity in the region would also require a peaceful, stable and cooperative environment.

- New Route for Indian Pilgrimage (**Kailash Mansarovar Yatra**) to the Tibet Autonomous Region of the People's Republic of China - Annual Kailash Manasarovar Yatra through Nathula Pass in Sikkim addition to the existing Lipulekh Pass in Uttarakhand.
- **Railways** - cooperation in the Railway sector in following areas: (i)speed-raising, (ii)studying feasibility of cooperation in High-Speed Railways, (iii)Heavy-Haul transportation training of Indian Railway personnel, (iv)Redevelopment of Railway stations, (v)setting up of a Railway University in India, etc.
- **Five year Trade and Economic Development Plan** - The main objectives of the plan are : (i) reduction of bilateral trade imbalance; (ii) strengthen investment cooperation to realize US$ 20 billion investment from China in 5 years; (iii) a transparent, stable and investor friendly business environment; and (iv) enhanced cooperation between Chambers of Commerce and financial sectors.
- Specific measures to **enhance market access** to Indian products such as agricultural, pharmaceutical and export of services will be expedited.
- **Trans-border economic** crimes and custom offences through sharing of information.
- **Book Fair -** Both sides have agreed that China will participate in the New Delhi World Book Fair 2016 as the Guest of Honour Country.
- **Drug** - Work Plan on Drug Administration and Cooperation between China Food and Drug Administration of the People's Republic of China and Ministry of Health & Family Welfare of the Republic of India - cooperation in fields of drug standards, traditional medicine and drug testing, etc. Both sides will exchange delegations to enhance cooperation in this area.
- **Maharashtra Industrial Development Corporation** and Beiqi Foton Motor Co.Ltd. on supporting the setting up of industrial parks in Maharashtra - The MoU would lead to setting up of Industrial Parks in Gujarat with the support of Chinese enterprises and provide a platform for cluster development.
- China Development Bank Corporation and iNDEXTb on supporting the setting up of industrial parks in Gujarat - The MoU would lead to setting up of **Industrial Parks in Gujarat** with the support of Chinese enterprises and provide a platform for cluster development

G-20 Fin Ministers Meet in Cairns

US Easement may Stimulate Volatility and Instability in Rest of World, Growth Confined to US and UK only

Group of 20 Finance Ministers and Central Bankers said low interest rates could lead to a potential increase in financial-market risk, as major economies rely on monetary stimulus to bolster uneven growth.

"There is potential for a build-up of excessive risk in financial markets with low interest rates and low asset price volatility," the G-20 officials said on 20 Sept. in a communique released in Cairns, Australia where the Ministers are meeting.

U.S. and U.K. economies have improved and their stock markets have risen, but Europe risks slipping into deflation. Concerns are mounting that China's 7.5 percent economic growth target for 2014 is becoming harder to attain.

Monetary stimulus by the Federal Reserve, European Central Bank and Bank of Japan has produced only temporary relief. Fed decisions on withdrawing stimulus has unleashed new forces of volatility.

Canada's Finance Minister Joe Oliver told reporters in Cairns. "If there is a reappraisal it could all of a sudden shoot up in volatility and result in losses which could be disruptive."

Shadow Banking and Excess Valuation

Risks from shadow banking are growing fast, according to International Monetary Fund Managing Director Christine Lagarde. While Lagarde said central banks have tools to react to potential excess valuations in various parts of the market, Bundesbank President Jens Weidmann said the environment of low interest rates can threaten financial stability.

Investors are becoming complacent about risks in financial markets, the Financial Stability Board said last week. Emerging markets were hurt last year as the prospect of a reduction in U.S. stimulus spurred outflows.

G-20 Heads to Meet Two Months at Brisbane, Modi to Join Meeting

Targets Two percent Additional GDP in Five Year

Australia Finance Minister Hockey said in the G-20 meet at Cairns that measures proposed by member economies have brought the G-20 about 90 percent of the way to achieving a target of lifting the group's collective gross domestic product by an additional 2 percent, or more, over five years. Individual members will submit their plans toward reaching the goal at a leaders' summit in Brisbane in 15-16 November.

Policy makers in the U.S. and Canada are putting pressure on Europe to bolster demand. U.S. Treasury Secretary Jacob J. Lew has urged Europe to spur demand, while Canada's Oliver has said some European countries should consider additional fiscal measures.

The ECB will gauge the effects of monetary stimulus unveiled in June and September before deciding whether more action is needed to bring inflation back toward 2 percent.

Debt Management, Expenditure Management

G-20 economies will "continue to implement fiscal strategies flexibly to take into account near-term economic conditions," while putting debt as a share of GDP on a sustainable path, finance chiefs said in the statement. "We agree to consider changes in the composition and quality of government expenditure and tax to enhance the contribution of our fiscal strategies to growth."

Finance chiefs and central bankers agreed that monetary policy should continue to support the economic recovery and should particularly address deflationary pressures where they are evident, Hockey said. Achieving robust growth will facilitate the eventual normalization of monetary policy in advanced economies, according to the G-20 statement.

"It became clear that in the short-term, more work needs to be done to bolster cyclical measures," Mexican Deputy Finance Minister Fernando Aportela said in an interview in Cairns.

"The recommendations have to be tailored and targeted for each and every country," she said. "Each and every one is different."

Chinese Prez Xi Invites India for Regional Peace and Development, Sells Maritime Silk Road and Silk Road Belt

Chinese President Xi Jinping said on Thursday that China and India should be "express trains" driving regional development, as well as "twin anchors" of regional peace.

"When China and India join hands for cooperation, it will benefit not only the two countries but also the entire Asia and the world at large," said Xi when delivering a speech at the Indian Council of World Affairs.

He said China-India relations have gone well beyond the bilateral scope and have assumed broad regional and global significance as they have become two major forces in the world's multi-polarization process and two vibrant forces driving Asian and global economic growth.

China and India should become closer partners for development while jointly pursuing their respective national renewal, Xi said.

"Nothing is more imperative than to deliver a more comfortable, more secure and happier life to the peoples," he said, adding that both China and India should focus on development, share experience and deepen mutually beneficial cooperation.

On the regional scale, the two countries should become cooperative partners that lead Asian economic growth and jointly promote prosperity and revitalization of the region, said the president.

To that end, said Xi, China and India should aim to become the "express trains" that drive regional development and work with other countries to push forward regional economic integration and connectivity.

The two Asian neighbors, he added, should also serve as the "twin anchors" of regional peace and commit themselves to building an Asia-Pacific security and cooperation architecture that is open, transparent, equal-footed and inclusive.

In addition, the Chinese leader proposed China and India become global partners for strategic coordination and strive for a just and equal international order.

"China and India have a combined population of over 2.5 billion," he said. "If we speak with one voice, the whole world will listen, and if we join hands, the whole world will pay attention."

Xi arrived in India on Wednesday for a three-day visit to the South Asian country. India is the last stop of Xi's four-nation tour in Central and South Asia, which has already taken him to Tajikistan, the Maldives and Sri Lanka.

In his speech, Xi said China and South Asian countries are important cooperative partners, adding that a peaceful, stable and prosperous South Asia is in line with the interests of nations and peoples in the region as well as the interests of China.

The China-proposed initiatives of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, he said, are aimed at strengthening interconnectivity and achieving common prosperity among countries along the historical trade routes.

He pledged that China will work with South Asian countries to increase bilateral trade to 150 billion U.S. dollars, raise its investment in South Asia to 30 billion dollars, and provide 20 billion dollars in concessional loans to the region in the next five years.

WEEKLY INDEX OF CHANGES

DGFT Corrects FPS Mistakes for Five Items in Feb 2014 Notification

Subject: Corrigendum to Public Notice number 52 dated 25.02.2014

70-PN(RE) 19.09.2014 (DGFT) In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy 2009-2014, the Director General of Foreign Trade hereby makes the following correction in the Public Notice number 52 dated 25.02.2014

2. Rates of benefit have been corrected in respect of following items under Appendix 37-D, Table-1

SNo.	FPS product code	ITC HS	Description	Existing rate (As mentioned in P.N. No.52 dated 25.02.2014)	Corrected rate
175	175	701120	Glass Envelops For Cathode-Ray Tubes	2%	5%
211	211	36050010	Safety Matches	2%	5%
237	237	35021100	Dried-Egg Albumin	2%	5%
293	293	8518	Microphones And Stands Therefore; Loud-speakers, Whether Or Not Mounted In Their Enclosures; Headphones And Earphones, Whether Or Not Combined With A Microphone, And Sets Consisting Of A Microphone And One Or More Loudspeakers; Audio-Frequency Electric Amplifiers; Electric Sound Amplifier Sets	2% (Total Benefit = 2+2=4%)	5% (Total Benefit = 5+2=7%)

3. There is spelling mistake in Appendix 37-D Table-1 hereby revised as under:

SNo.	FPS product code	ITC HS code	Existing Description	Revised Description
484	484	29420016	D(-) PARA HYDR OXYL DANE SALT	D(-) PARA HYDROXY DANE'S SALT

Effect of Public Notice

Certain errors in the rates of benefit and spelling mistake in product descriptions in Appendix 37-D of HBP v1, notified through **Public Notice No. 52 dated 25.02.2014** have been corrected.

Another Five Years of Anti-dumping Duty on Sulphur Black from China in Review

Ntfn 41-ADD 18.09.2014 (DoR) Whereas, the designated authority, *vide* notification No. 15/18/2012-DGAD, dated the 4th April, 2013, published in the Gazette of India, Extraordinary, Part I, Section 1, had initiated a review in the matter of continuation of anti-dumping duty on imports of Sulphur Black (hereinafter referred to as the subject goods) falling under heading 3204 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), originating in or exported from the People's Republic of China (hereinafter referred to as the subject country), imposed *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 127/2008-Customs, dated the 3rd December, 2008, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 831(E), dated the 3rd December, 2008;

And whereas, the Central Government had extended the anti-dumping duty on the subject goods, originating in or exported from the subject country upto and inclusive of the 10th April, 2014 *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 5/2013-CUSTOMS (ADD), dated the 10th April, 2013, published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary *vide* number G.S.R 215(E), dated the 10th April, 2013;

And whereas, in the matter of review of anti-dumping duty on import of the subject goods, originating in or exported from the subject country, the designated authority in its final findings, published *vide* notification No. 15/18/2012-DGAD, dated the 3rd July, 2014, in Part I, Section 1 of the Gazette of India, Extraordinary, has come to the conclusion that-

i. the subject goods are entering the Indian market at dumped prices and the dumping margin is above de-minimis and significant;
ii. the dumped imports continue to cause injury to the domestic industry;
iii. dumping of the subject goods is likely to intensify from the subject country if no anti-dumping duty is imposed,

and has recommended imposition of the anti-dumping duty on the subject goods, originating in or exported from the subject country.

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act, read with rules 18 and 23 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, after considering the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, specification of which is mentioned in column (4), falling under heading of the First Schedule to the Customs Tariff Act as specified in the corresponding entry in column (2), originating in the countries as specified in the corresponding entry in column (5), exported from the countries as specified in the corresponding entry in column (6), produced by the producers as specified in the corresponding entry in column (7), exported by the exporters as specified in the corresponding entry in column (8), and imported into India, an anti-dumping duty at the rate equal to the amount as specified in the corresponding entry in column (9) in the currency as specified in the corresponding entry in column (11) and as per unit of measurement as specified in the corresponding entry in column (10) of the said Table, namely:-

Table

SNo.	Heading	Description of goods	Specification	Country of origin	Country of export	Producer	Exporter	Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	3204	Sulphur Black	In all forms and strength	People's Republic of China	People's Republic of China	Any	Any	766	MT	US Dollar
2	3204	Sulphur Black	In all forms and strength	People's Republic of China	Any country other than People's Republic of China	Any	Any	766	MT	US Dollar
3	3204	Sulphur Black	In all forms and strength	Any country other than People's Republic of China	People's Republic of China	Any	Any	766	MT	US Dollar

Zero Duty on Sample Fabric of 1000m to Exporters

Ntfn 28 18.09.2014 (DoR) In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby 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, 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,-

(i) in the Table, against serial number 282, in column (3), in item (y), for the figures "500", the figures "1000" shall be substituted;

(ii) after the Table, in the proviso, in clause (bc), for the words and figures "first day of January,2015", the figures, letters and words "1st day of April, 2015" shall be substituted.

[F.No. 354/141/2012-TRU]

2. The anti-dumping duty imposed under this notification shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be paid in Indian currency.

Explanation.- For the purposes of this notification, rate of exchange applicable for the purposes of calculation of such anti-dumping duty shall be the rate which is specified in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Customs Act.

[F.No. 354/39/2008-TRU (Pt.-I)]

Zero Customs Duty for Airborne Early Warning and Control (AEW&C) System Programme

Ntfn 27
18.09.2014
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment 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, after S.No.31 and the entries relating thereto, the following S.No. and entries shall be inserted, namely:-

(1)	(2)	(3)
"31A.	The following goods, required for the Airborne Early Warning and Control (AEW&C) System Programme of Ministry of Defence,- i) aircrafts, aircraft parts, aircraft engines, aircraft engine parts, including ground handling equipment of aircrafts for defence use; ii) radars, ESM, CSM, RWR, CMDS, MAWS, Communication and their related components/parts, Electronic components/boards, simulators and related hardware /software; iii) machinery, equipments including test equipments, instruments, fitting devices, components, spares, jigs and fixtures, dies, tools, moulds, accessories, raw materials, castings, forgings, piping, tubing, consumables, mockup and models; iv) computer hardware, computer software, accessories and consumables.	If,- (a) the said goods are imported by authorised works centers of the Airborne Early Warning and Control (AEW&C) Programme, as may be designated by an officer not below the rank of Deputy Secretary to the Government of India in the Ministry of Defence; and (b) the authorised works centre produces to the Joint Commissioner of Customs or the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, at the time of import, in each case, a list of the said goods with their relevant description duly certified by the Programme Director, Programme Office AEW&C, Centre for Air Borne System, Bangalore, to the effect that - i) the said goods mentioned in the list are required for the purposes of the AEW&C; (ii) the import of the said goods mentioned in the list are authorized by the Ministry of Defence under AEW&C Programme and the said goods shall be used only for the purpose of the AEW&C Programme. *Explanation*. – Nothing contained in this exemption shall have effect on or after the 5th day of October, 2014.".

[F.No.354/32/2006 –TRU]

Namkeens, Mixtures or Savouries SION Notified

Subject: Fixation of Standard Input Output Norms for Food Products (Product Code: 'E') in the Handbook of Procedures, Vol.II (2009-14).

69-PN(RE)
16.09.2014
(DGFT)

In exercise of the powers conferred under Paragraph 2.4 of the foreign Trade Policy, 2009-14, as amended from time to time, Director General of Foreign Trade hereby makes the addition of one new entry at SI. No. E-132 in the Handbook of Procedure, Vol.II (2009-14) as under:-

Export Item	Qty.	S.No.	Import Item	Qty.
Namkeens/ Mixtures/ Savouries	1.00 kg	1.	Chickpeas, Lentils, Cereal Flakes, Green Peas	0.600 Kg
		2.	Edible Vegetable Oils such as Mustard Oil/ Sunflower Oil/ Palm Oil/ Groundnut Oil/ Fats/ Frying Fat (Olive Oil is not permitted)	0.280 Kg
		3.	Relevant Food Additives as Approved by FSSAI-Tocopherol, Lecithin, Butylated Hydroxynanisole (BHA), Tertiary Butyl Hydroquinone (TBHQ), Methyl Cellulose, Carboxy Methyl Cellulose, Gellan Gum.	0.010 Kg
		4.	Relevant Flavours-Natural Flavours like Citric Acid, Tartaric Acid, Chili, Garlic, Mint, Ginger, Black Pepper, Cardamoms, Curcumine, Turmeric, Asafoetida, Cinnamon, Cloves, Cumins, Nutmet, Fennel.	0.060 Kg
		5.	Packing Materials/PP/HDPE/LDPE/Paper & Paper Board/ Aluminium Foil	As per packing policy

Effect of the Public Notice:

The SION for export product Namkeens/ Mixtures/ Savouries has been notified.

Madinagar, Dist Ghaziabad ICD Notified for Unloading and Loading of Goods

86-Cus(NT)
18.09.2014
(DoR)

In exercise of the powers conferred by clause (aa) of sub-section (1) of section 7 of the Customs Act,1962 (52 of 1962), the Central Board of Excise and Customs, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 12/97- CUSTOMS (N.T.), dated the 2nd April, 1997, published in the Gazette of India, vide number G.S.R. 193(E), dated the 2nd April, 1997, namely:-

In the said notification, in the Table, against serial number 12 relating to the State of Uttar Pradesh, after item (xii) and the entries relating thereto, in columns (3) and (4), the following item and the entries shall respectively be inserted, namely:-

(3)	(4)
"(xiii) Modinagar, District Ghaziabad	Unloading of imported goods and loading of export goods".

[F.No. 434/24/2010-Cus IV]

Rules for Conversion of Outstandings to Equity Shares by FDI Eased

Sub: Foreign Direct Investment (FDI) in India - Issue of equity shares under the FDI Scheme against legitimate dues

AP(DIR Srs)
Cir.31
17.09.2014
(RBI)

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified vide Notification No. FEMA 20/ 2000-RB dated May 3, 2000, as amended from time to time, A.P. (DIR Series) Circular No. 15 dated October 1, 2004, and Notification No. FEMA 242/2012- RB Dated October 19, 2012.

2. In terms of paragraph 2(4) of the Schedule 1 of the Notification, ibid, an Indian company under the automatic route may issue shares/convertible debentures to a person resident outside India against lump-sum technical know-how fee, royalty External Commercial Borrowings (ECBs) (other than import dues deemed as ECB or Trade Credit as per RBI guidelines) and import payables of capital goods by units in Special Economic Zones subject to certain conditions like entry route, sectoral cap, pricing guidelines and compliance with the applicable tax laws.

3. The extant guidelines for issue of shares/ convertible debentures under the automatic route have been reviewed in consultation with the Government of India and, accordingly, it has been decided to permit issue of equity shares against any other funds payable by the investee company, remittance of which does not require prior permission of the Government of India or Reserve Bank of India under FEMA, 1999 or any rules/ regulations framed or directions issued thereunder, provided that:

i. The equity shares shall be issued in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time;

Explanation: Issue of shares/convertible debentures that require Government approval in terms of paragraph 3 of Schedule 1 of FEMA 20 or import dues deemed as ECB or trade credit or payable against import of second hand machinery shall continue to be dealt in accordance with extant guidelines;

ii. The issue of equity shares under this provision shall be subject to tax laws as applicable to the funds payable and the conversion to equity should be net of applicable taxes.

4. All the other conditions for issuance of equity shares under the automatic route (c.f. paragraph 2(4) (i) (ii) (iii) of schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000) and Government approval route [c.f. paragraph 3 of schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000] shall remain unchanged.

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

6. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Twelfth Amendment) Regulations, 2014 which have been notified vide Notification No. FEMA.315/2014-RB dated July 10, 2014, vide G.S.R. No.632 dated September 2, 2014.

7. 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.

CBEC Sets up 23 Excise Zones for Audit Commissionerates, Issues Guidelines

Subject – Guidelines regarding Structure, Administrative set up and Functions of Audit Commissionerates.

985-CBEC 22.09.2014 (DoR) On implementation of cadre review there would be 23 Central Excise Zones and 4 Service Tax Zones with each zone having one or more Audit Commissionerates. Each Audit Commissionerate would cover assessees registered under the jurisdiction of 3 to 5 Executive Commissionerates. Principal Chief Commissioner and Chief Commissioner shall assign the jurisdiction of Audit Commissioner in the zone, decide the location of Audit Commissionerates and its subordinate offices. Following guidelines may be followed while finalizing the location and organizational structure of Audit Commissionerate and its subordinate offices, subject to deviations needed to cater to the local requirements.

Location of Audit Commissionerate

2.1 The headquarters and the subordinate offices of the Audit Commissionerates could be co-located in metropolitan city based zones.

2.2 In non-metropolitan city based zones, Executive Commissionerates are spread over different cities therefore the headquarters of the Audit Commissionerates may be located in the city where zonal office is located, and at least one of the Circles (subordinate office explained later) may be located in the city where Executive Commissionerates are located.

2.3 In cases where there is more than one Audit Commissionerate in the Zone, the location of the second or third Audit Commissionerate and its subordinate offices may be decided based on the geographical concentration of the taxpayers. However, the Headquarters of the Audit Commissionerate may be in the city where the Executive Commissionerate is located. This is to ensure that audit officers work in close coordination with the Executive Commissionerates and are accessible to the assessees.

2.4 LTU Audit - Two LTU Audit Commissionerates have been created. LTU Audit Commissionerate at Delhi shall have jurisdiction over assessees registered with LTU Delhi, Kolkata or Bangalore whereas LTU Audit Commissionerate at Mumbai shall have jurisdiction over the assessees registered with LTU Mumbai or Chennai. The assigning of audit to the subordinate offices of these Commissionerates may be carried out taking into account the location of cluster of assesses. While assigning assessees to the subordinate office, assessees with same PAN number should be assigned to one subordinate officer.

Configuration of Audit Commissionerate

3.1 Audit Commissionerate would comprise of a Headquarters similar to an Executive Commissionerate and subordinate offices proposed to be called Circles similar to a Divisions. The Circles would be headed by a Deputy or Assistant Commissioner. The Circles would comprise of Audit Groups equivalent to the Range offices which would have Superintendents and Inspectors.

3.2 Audit Commissioner would be Head of the Department and the headquarters would have two Additional or Joint Commissioners, who are in turn would be supported by two Deputy or Assistant Commissioners each.

3.3 The proposed sections in the Headquarters are:

i. Planning and coordination section to look after scheduling and support in conduct of MCM meeting, maintenance and updation of Assessee Master File, maintenance of Records/Registers and submission of reports to look after formation / constitution of audit groups and deployment of officers matching skills with audit requirement, maintenance of database of officer's profile, training needs of officers.

ii. Administration, Personnel & Vigilance section to look after administrative matters, transfer, leave, allowances, budgetary grants, vigilance matters etc.

iii. Technical section to look after draft Show Cause Notices, audit follow up, court cases, Board's circulars, instructions etc.

iv. Risk Management and Quality Assurance section to look after risk based selection of units, use of Third Party Source of Information, maintenance of Audit database of units to be audited, selecting themes/issues for audit, performance appraisal and Quality Assurance

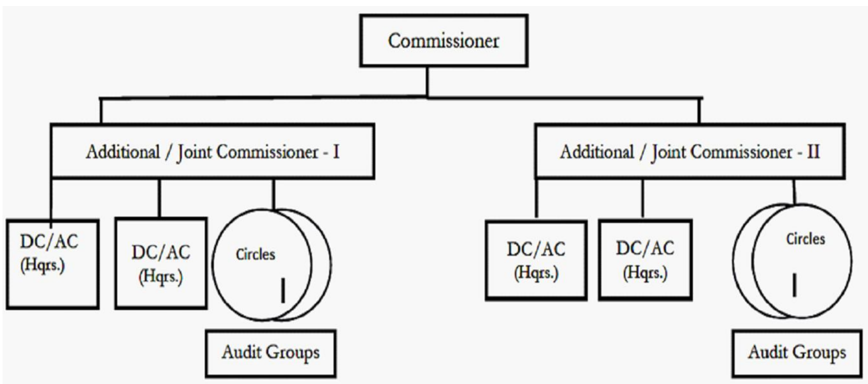
3.4 The aforementioned four sections of an Audit Commissionerate can be manned by either 3 or 4 Deputy / Assistant Commissioners in the Headquarters. In case of three Sections in Headquarters, the Technical and Planning function can merge into one. The other Deputy / Assistant Commissioners would be in charge of Circles. Each Audit Commissionerate may have 6 to 7 Circles under its jurisdiction.

3.5 The Circles would be assigned the geographical jurisdiction of either an entire Commissionerate or some Divisions of an Executive Commissionerate.

3.6 Division of the jurisdiction of an Executive Commissionerate between two Audit Commissionerates / Audit circles should be avoided.

3.7 In addition to geographically defined Circles, the Audit Commissionerates may have functionally oriented Circles for conducting Theme/Issue based audit (for example Insurance, telecom, Banking services or specific commodities etc) and its territorial jurisdiction should cover the jurisdiction of the entire Audit Commissionerate.

Organisational Structure of Audit Commissionerates



Staffing norms

4.1 Headquarters shall be manned by one Commissioner, two Additional or Joint Commissioners and three or four Deputy Commissioners.

4.2 Each Audit Circle shall be headed by Deputy or Assistant Commissioner and will also comprise of Audit Groups. The Audit Groups deployed for large units should comprise of 2-3 Superintendents and 4-6 Inspectors. For Medium units the Audit Group should include 1 - 2 Superintendents and 2 - 4 Inspectors. For Small units the Audit Group should include, 1 Superintendent and 1 - 2 Inspectors.

4.3 Groups for Large units, Medium units and Small units should be in such number that the following distribution of manpower deploymentin audit groups is achieved.

a. 50% of manpower to Large units

b. 30% of manpower to Medium units

c. 10 % of manpower to Small units

d. 10% of manpower for planning, coordination and follow up.

Functions of Audit Commissionerate

5.1 Monitoring Committee Meeting (MCM) should be convened by Audit Commissionerate, for which the Executive Commissioner or his representative will be invited to attend. The decision with regard to settlement of an audit objections after recovery of all dues or dropping of the unsustainable audit objections shall vest with the Audit Commissioner. Approved audit objections including those in which show cause notices are proposed to be issued should be conveyed to the Executive Commissioner in the form of Minutes of the MCMs, who shall respond to these objections conveying his agreement/disagreement within 15 days of the receipt of the minutes of the MCM.

5.2 On points of difference, further consultations may be held for a maximum period of 15 days. In case the difference persists, the final decision to issue show cause notice rests with the Audit Commissioner.

5.3 Audit Commissionerate shall issue the show cause notice, wherever necessary, after the audit objections are confirmed in the MCMs. The show cause notice shall be answerable to and adjudicated by the Executive Commissioner or the subordinate officers of the Executive Commi-ssionerate as per the adjudication limits prescribed the Board. Audit function will end with the issuance of show cause notice and further action including adjudication and follow-up shall be the responsibility of Executive Commissioner.

5.4 Litigation after adjudication proceedings (including defending the order before the appellate forums-Commissioner (Appeals)/Tribunals/Courts) shall be the responsibility of Executive Commissioner. However, Audit Commissionerates shall remain closely associated and provide inputs wherever required.

5.5 The function of pre-audit/post-audits of refunds, rebates and brand rate fixation of drawback shall continue with the jurisdictional Executive Commissionerate.

5.6 CERA audit shall be attended by the Executive Commissionerate by compiling necessary information and replying to the audit objections raised by C&AG. Audit Commissioners will have no role either in compiling / furnishing information to CERA or replying to the C&AG objections. However, it is desirable that Audit Commissione-rate is aware of the objections raised by C&AG. Therefore, copy of the objections received from CERA and replies furnished by the Executive Commissioner shall be forwarded to the Audit Commissionerate by the Executive Commissionerate.

5.7 Anti-evasion functions shall continue with the Executive Commissionerates. Audit Commi-ssionerates may refer, with the approval of the MCM, any case arising out of audit where detailed investigation is necessary to the Executive Commissionerates.

5.8 Special Audit shall be ordered by the Audit Commissionerates. Section 14A / 14AA of CEA, 1944 and Section 72A of the Finance Act, 1994 provide for such special audits in the specified circumstances by Cost Accountants / Chartered Accountants. The Audit Commissioners shall be the competent authority to order Special Audit, either on their own satisfaction or on a reference received from the Executive Commissioner.

5.9 Audit should be so conducted that the assessee is least inconvenienced. Documents as prescribed in the manual should be called and preparatory work finalized ahead of audit. Audit should be completed expeditiously and as soon as the Final Audit Report is prepared , **it should be ensured that a copy of the Final Audit Report including 'NIL' report is dispatched or provided to the assessee under acknowledge-ment to be kept in Assessee Master File**.

5.10 Currently, audit is undertaken for each tax separately even though the business and financial records verified during the audit remains common for all the three tax administered by the Board . In order to improve the efficiency of audit process, it has been decided that coordinated and integrated audit covering two or more taxes for assessees having common PAN shall be carried out. Necessary legal enablement has been provided in the notification conferring territorial jurisdiction to the Commissionerates such that Service Tax Audit Commissionerates can audit Central Excise assessees within a zone and vice-versa. An assessee who is registered under Central Excise, Service Tax and Customs need not be subjected to three separate audits. The information about his various registrations is available and such assessees would be subjected to a complete audit by the designated Audit Commissionerate. For this purpose the Principal Chief Commissioner / Chief Commissioner will assign the audit of an assessee to a particular Audit Commissionerate, based on payment of Central Excise duty or Service tax whichever is higher. Following the same principle OSPCA would be also be carried out by the designated Central Excise or Service Tax Audit

Exchange Rates for Customs Valuation

Rupee Falls to 61.75 from 61.00 for Imports w.e.f. 19 Sept 2014

87-Cus(NT) 18.09.2014 (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.75/ 2014-CUSTOMS (N.T.), dated the 4th September, 2014 *vide* number S.O. 2229(E), dated the 4th September, 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 19th 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	55.55	57.35	54.20	55.80
2.	Bahrain Dinar	167.10	165.15	157.90	156.05
3.	Canadian Dollar	56.25	56.25	54.95	54.80
4.	Danish Kroner	10.75	10.85	10.40	10.50
5.	EURO	79.65	80.55	77.75	78.60
6.	Hong Kong Dollar	7.95	7.90	7.85	7.75
7.	Kuwait Dinar	219.55	218.65	207.15	206.30
8.	Newzeland Dollar	50.30	51.10	49.05	49.65
9.	Norwegian Kroner	9.65	9.90	9.35	9.60
10.	Pound Sterling	100.75	100.80	98.55	98.55
11.	Singapore Dollar	48.80	48.90	47.70	47.80
12.	South African Rand	5.70	5.85	5.40	5.50
13.	Saudi Arabian Riyal	16.80	16.60	15.85	15.70
14.	Swedish Kroner	8.65	8.75	8.45	8.50
15.	Swiss Franc	65.85	66.85	64.25	65.05
16.	UAE Dirham	17.15	16.95	16.20	16.00
17.	US Dollar	61.75	61.00	60.75	60.00
***Schedule II** – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees*					
1.	Japanese Yen	57.00	58.45	55.65	57.00
2.	Kenya Shilling	70.70	70.25	66.60	66.30

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

Commissionerate, in an integrated manner.

5.11 It is proposed to issue risk based audit norms in due course of time. In the interim the existing audit norms may be used to ensure that audit functions continue efficiently.

Transfer policy and capacity building

6.0 Audit requires specialized skills in accountancy and handling of financial / SAP or ERP related databases apart from domain knowledge of Central Excise, Service Tax and Customs law and procedures. The officers need to gain knowledge of compliance requirements under Income Tax, Companies Act, VAT laws to do a comprehensive and meaningful audit. The officers who have gained expertise in this regard are few. DG (Audit) in consultation with NACEN shall develop appropriate modules for training of officers in audit functions and inform field on further progress. As it takes time for officers to gain expertise in audit techniques, appropriate transfer policy to be followed by Zones shall be prepared by the DG, Audit with due approval of the Board so that the department can adequately use officers for audit after they have acquired the necessary skills . Suggested transfer policy shall be circulated by the DG , Audit after approval of the Board .

Removal of difficulty

7.0 Past guidelines and instructions on the subject stand modified to the extent they are in conflict with these guidelines . If there is any difficulty in implementing the above guidelines , Principal Chief Commissioners and Chief Commissioners are authorised to issue appropriate instructions to be valid for temporary periods to remove difficulty in setting up and operationalizing Audit Commissionerates . Issues which need to be addressed in the Board may be forwarded to the Director General of Audit with suggestions for further examination and seeking approval of the Board where needed .

[F.No. 206/03/2014-CX.6]

Palm Oil Imports by India Surge 23% Record as Prices Slump, Malaysia Scraps Export Tax

Palm oil shipments by India, the world's biggest buyer, will climb to a record this year as tumbling prices and zero-tax on exports from Malaysia make the oil attractive to refiners, said Ruchi Soya Industries Ltd. (RSI)

Inbound shipments may increase to 9 million metric tons in the year ending Oct. 31, more than the 8 million tons estimated in July, Dinesh Shahra, managing director of the nation's biggest importer, said. Purchases were at 8.3 million tons in 2012-2013, the highest ever, data from the Solvent Extractors' Association of India show.

Palm and soybean oils slumped to the lowest in five years this month as forecasts for record supplies threatened to widen a glut in global cooking oils. Palm will drop in the next few weeks toward the cost at which growers in Asia produce the world's most-used cooking oil, Dorab Mistry, director at Godrej International Ltd., said Sept. 15. The decline spurred Malaysia, the world's second-biggest grower, to scrap export tax on crude palm oil for two months through October to boost shipments.

Rising Demand

India's imports of vegetable oils, including those for industrial use, may jump to an all-time high of 13 million tons this year, said. The country bought 10.7 million tons in 2012-2013, according to the extractors' association.

Soybean oil shipments will jump to more than 2 million tons and sunflower oil imports may climb to 1.6 million to 1.7 million tons. Soybean oil prices in Chicago have dropped 17 percent this year, reaching 31.52 cents a pound on Sept. 10, the lowest since 2009.

India buys more than 50 percent of its annual demand, shipping palm oil from Indonesia and Malaysia, and soybean oil from the U.S., Brazil and Argentina. Imports rose 8 percent to 9.53 million tons in the 10 months through August from a year earlier, the extractors' association estimates.

Domestic soybean production may decline to 9.5 million tons to 10.5 million tons in the crop year starting Oct. 1 from 11 million tons predicted in July because of inconsistent monsoon rainfall, lower acreage and some crop losses during the germination stage, Shahra said.

Plantings of oilseeds fell to 17.68 million hectares (43.69 million acres) from 19.25 million hectares a year earlier, the Agriculture Ministry said on 22 Sept. Monsoon rains were 11 percent less than the 50-year average since June 1, the India Meteorological Department said yesterday.

US to Push TF in Modi Visit for UN Meet at Month End

The United States said on Wednesday it will press India's new prime minister to end his blockage of a global trade pact when he visits Washington this month, something that could dampen the mood of a trip aimed at revitalizing strategic ties.

US Assistant Secretary of State Nisha Biswal said India "does itself a discredit" by blocking the Trade Facilitation Agreement (TFA) reached in Bali last year, rekindling a dispute that overshadowed an Aug. 1 meeting between US Secretary of State John Kerry and Indian Prime Minister Narendra Modi in New Delhi.

In a conference call previewing Modi's Sept. 29-30 visit to Washington for a first meeting with President Barack Obama, Biswal said the World Trade Organization agreement to ease worldwide customs rules would "certainly" be a topic for conversation.

"We've made our position very clear, which is that while we are very sympathetic to the food-security concerns the prime minister has voiced, we do believe that the trade facilitation agreement is a very, very important agreement," she said.

In late July, India torpedoed the deal after demanding concessions on agricultural stockpiling.

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