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India One of the Worst Performer Among Global Exporters

4 India Exports Crash from $30bn per month to $20bn in Last Four Years as Economy Loses Competitiveness

4 WTO Forecasts World Trade Growth to Fall by 1.1% to jest 1.7% in 2016

4 2017 may be a Repeat of 2016

4 Contraction driven by slowing GDP and trade growth in China and Brazil

4 North America, which had the strongest import growth of any region in 2014-15 too has decelerated

World trade will grow more slowly than expected in 2016, expanding by just 1.7%, well below the April forecast of 2.8%, according to the latest WTO estimates. The forecast for 2017 has also been revised, with trade now expected to grow between 1.8% and 3.1%, down from 3.6% previously. With expected global GDP growth of 2.2% in 2016, this year would mark the slowest pace of trade and output growth since the financial crisis of 2009.

Main Points

4 World merchandise trade volume is expected to grow 1.7% in 2016, accompanied by real GDP growth of 2.2% at market exchange rates. This would be the slowest pace of trade and output growth since the financial crisis of 2009.

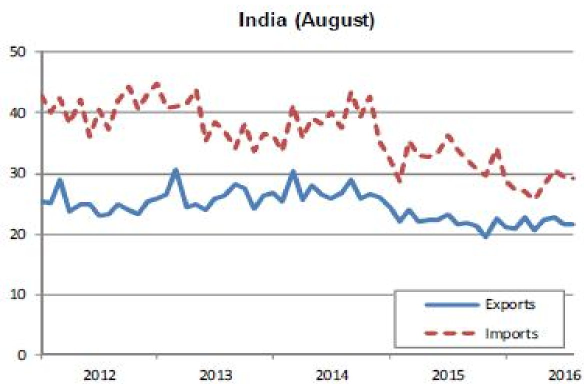
4 Trade growth was weaker than expected in the first half of 2016 due to falling import demand and slowing GDP growth in several major developing economies as well as in North America.

4 Trade in 2017 is expected to grow between 1.8% and 3.1%, a range being provided to reflect potential changes in the relationship between trade and output.

4 Certain trade-related indicators have improved, including export orders and container port throughput, but overall momentum in trade remains weak.

The downgrade follows a sharper than expected decline in merchandise trade volumes in the first quarter (-1.1% quarter-on-quarter, as measured by the average of seasonally-adjusted exports and imports) and a smaller than anticipated rebound in the second quarter (+0.3%).

The latest figures are a disappointing development and underline a recent weakening in the relationship between trade and GDP growth. Over the long term trade has typically grown at 1.5 times faster than GDP, though in the 1990s world merchandise trade volume grew about twice as fast as world real GDP at market exchange rates. In recent years however, the ratio has slipped towards 1:1, below both the peak of the 1990's and the long-term average.



Falling Commodity Prices

The stagnation of world merchandise trade disguises strong shifts at the regional level. There is the steep decline in imports of resource-exporting regions over the last two years, driven by falling commodity prices and declining export revenues.

Some Hope

There are some indications that trade may be picking up in the second half of 2016, although the pace of expansion is likely to remain subdued. Container port throughput has increased,

WIndex No. 27 (28 Sept – 04 Oct 2016)

export orders have risen in the United States, and nominal trade flows in US dollar terms have stabilized, but numerous risks remain.

The potential effects of the Brexit vote in the United Kingdom has increased uncertainty about future trading arrangements in Europe, a region where trade growth has been relatively strong.

Pound Falls

The UK referendum result did not produce an immediately observable downturn in economic activity as measured by industrial production or employment; the main impact was a 13% drop in the exchange rate of the pound against the US dollar and an 11% decline in its value against the euro. Effects over the longer term remain to be seen. Economic forecasts for the UK in 2017 range from fairly optimistic to quite pessimistic. Our forecast assumes an intermediate case, with a growth slowdown next year but not an outright recession.

Exports of developed countries are expected

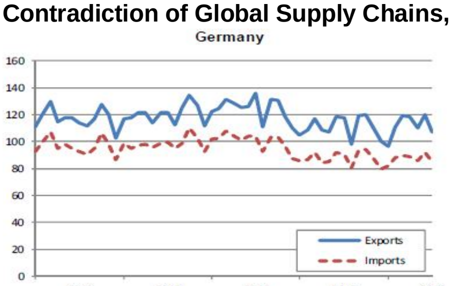
to outpace those of developing economies this year, 2.1% compared to 1.2%. On the import side, developing countries are expected to register sluggish growth of 0.4% compared to 2.6% for developed countries.

Imports Crash in Latin America but Exports Pick Up

The biggest downward revision to imports from our April forecast for 2016 applies to South America (-8.3% compared to -4.5% previously) as the recession in Brazil intensified. This was followed by North America, where import growth was revised down from 4.1% to 1.9% as GDP growth came in below earlier projections. Asian import growth was also scaled back to 1.6% from 3.2%, while our forecast for Europe was revised upward from 3.2% to 3.7%.

Export growth in 2016 was downgraded for most regions, with the strongest revisions applied to Asia (0.3% compared to 3.4% in April) and North America (0.7% compared to 3.1%). Meanwhile, South America's export growth is expected to be stronger than previously forecast (4.4% compared 1.9%), benefitting from favourable exchange rate movements. Even with the downward revision to our estimates, risks to the forecast remain mostly on the downside.

Contradiction of Global Supply Chains,



Collapse of SAFTA after MFN Denial to Pak

- Arun Goyal -

Withdrawal of concessions to Pakistan under the South Asian Free Trade Area (SAFTA) agreement and a review of the Indus Water Treaty (IWT) between the two countries will demolish the trade structure built up after decades pf hard work at the negotiating table by the Seven South Asian Countries plus Afghanistan.

The option of dragging Pakistan to the Dispute Settlement Body of the World Trade Organisation (WTO) for not extending trade benefits under the 'most favoured nation' (MFN) status may be the best response to Pak sponsored attacks on Indian Security Forces across the LoC in Kashmir. For this India has to give up its stance of not raking up a pre WTO Agreement to raise bilateral issues at multilateral forums. India could then seek retaliation of denying Pak too of MFN.

It could then put a special duty or Non Tariff Barrier on imports from Pakistan under the "Security Exception" allowed in GATT 1994. Thus the WTO approval will legitimize Indian trade action.

India may not be keen on a military war against Pakistan in retaliation for the September 18 attack, the consensus within the government is to wage an "economic war" instead.

India has a huge trade surplus with Pak, thus a trade war between the two will hurt India more than Pak. Two-way trade between India and Pakistan stood at $2.61 billion in 2015-16, up 11 per cent from $2.35 billion in 2014-15.

Any action within SAFTA - which has Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka as member-states - has to be consensus-based.

India cannot easily withdraw the MFN status it had given Pakistan in 1996.

Pakistan, in turn, may cite 'Security Exceptions' in Article XXI of GATT (General Agreement on Tariffs and Trade) to justify denial of MFN to India on grounds of security.

Last year, when External Affairs Minister Sushma Swaraj was in Pakistan, both sides decided to restart the Comprehensive Bilateral Dialogue, under which India offered to give preferential trade access to Pakistan under SAFTA provided Pakistan extends MFN benefits to India. (India has given duty concessions to All SAFTA Members other than Pak).

Volumes have grown but value has fallen with dollar depreciation

Annual % change

	2012	2013	2014	2015	2016P	2017P	
Volume of world merchandise trade	2.2	2.4	2.8	2.7	1.7	1.8	3.1
Exports							
North America	4.5	2.8	4.1	0.8	0.7	1.6	2.9
South and Central America	0.9	1.2	-1.8	1.3	4.4	3.1	5.5
Europe	0.8	1.7	2.0	3.7	2.8	1.8	3.1
Asia	2.7	5.0	4.8	3.1	0.3	1.8	3.2
Other regions [a]	3.9	0.6	-0.1	3.9	2.5	1.5	2.6
Imports							
North America	3.2	1.2	4.7	6.5	1.9	1.9	3.1
South and Central America	0.7	3.6	-2.2	-5.8	-8.3	2.2	3.7
Europe	-1.8	-0.3	3.2	4.3	3.7	1.8	3.1
Asia	3.7	4.8	3.3	1.8	1.6	2.0	3.3
Other regions [a]	9.9	3.5	-0.5	-6.0	-2.8	0.6	1.0

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

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

E-Commerce

A number of reasons have been advanced to explain the decline in the ratio of trade growth to GDP growth in recent years, including the changes in the import content of demand, absence of trade liberalization, creeping protectionism, a contraction of global value chains (GVCs), and possibly the increasing role of the digital economy and e-commerce, but all have likely played a role. Whatever the cause, the recent run of weak trade, and economic, growth suggests the need for a better understanding of changing global economic relationships.

It should be noted that the trade forecasts relate to changes in the quantity of goods traded rather than changes in their dollar value. In 2015, merchandise trade volumes continued to grow slowly despite the sharp 14% decline in the dollar value of world trade, which was largely due to the appreciation of the US dollar.

Dollar Depreciates in 2016

As chart below shows, the dollar has started to depreciate again in the first half of 2016, with an inverse effect on values of traded goods,

Contd.. 216

Vegetable Oils Import Duty Cut by 5%

4 12.5% to 7.5%

4 20% to 15%

4 Potatoes Duty Slashed to 10% from 30% for 38 Days

4 Wheat Duty Cut by 15% to 10% Till 29 Feb 2016

[Ref: Customs Notification dated 51 dated 23.09.2016]

Amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), **No.12/2012-Customs, dated the 17th March, 2012**, namely:-

In the said notification, (a) in the Table,-

(i) **after serial number 18** and the entries relating thereto, the following serial number and entries shall be **inserted**, namely:-

"18A	0701 90 00	Potatoes	10%	-	-"

(ii) **after serial number 34** and the entries relating thereto, the following serial number and entries shall be **inserted**, namely:-

"34A	1001 19 00 or 1001 99 10	Wheat	10%	-	-"

(iii) against **serial number 51**, in column (4) against clauses (A), (B) and (C) of item II of column (3), for the entry "12.5%" the entry **"7.5%"** shall be substituted;

(iv) against **serial number 59**, in column (4), for the entry "20%" the entry **"15%"** shall be substituted;

(b) after the Table, in the proviso, **after clause (ad)**, the following clause shall be **inserted**, namely:-

"(ae) the goods specified against serial no. 18A of the said Table on or after the first day of November, 2016";

(af) the goods specified against serial no. 34A of the said Table on or after the first day of March, 2017".

[F.No. 354/203/2012- TRU]

Raw Materials Concession for Aircraft Servicing Withdrawn, Only Manufacturing Allowed in as End Use

[Ref: Customs Notification No. 50 dated 22.09.2016]

Amendment 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**, namely:-

In the said notification,-

(A) in the Table, against **serial number 447**, -

(i) in column (3), in item (a), the words **"or servicing"** shall be **omitted**;

(ii) in column (6), for the entry "72", the entry **"5"** shall be **substituted**;

(B) in the ANNEXURE, the **Condition No. 72** shall be **omitted**.

[F. No. 354/102/2015-TRU(Pt-1)]

Pomfrets, Lobsters, Octopus, Dried Onions and Ayurvedic Drugs in New List of 2901 Additions to 5% MEIS

4 Another Deal for Fabrics and Yarns, Transport Equipments, Steel and Engineering Goods

4 Attempt to Boost Flagging Exports

4 Rates Raised by 1% to 3% on 575

In the backdrop of the continued challenging global environment being faced by Indian exporters, Department of Commerce has extended support to certain new products and enhanced the rate of incentives for certain other specified products under the Merchandise Exports from India Scheme (MEIS). This has been implemented through DGFT public Notice No 32 dated 22.09.2016.

The following are the major highlights of the support:-

Industrial products under different categories, including engineering goods, fabrics, garments, chemicals, ceramics, glass products, leather goods, newspapers, periodicals, silk items, made ups, wool products, tubes, pipes etc.

Increase in MEIS rates

Rates of 575 product items falling under 11 products categories have been increased. These product include products of iron and steel, handicrafts, moulded and extruded goods, rubber, ceramic, glass, auto tyres and tubes, industrial machinery engineering items, IC Engines, machine tools / parts, items of wood, paper, stationary, footwear, auto seats, steel furniture, prefabs, items under the category of butter, ghee and cheese, dried egg albumin and rubber products

With this the total number of items covered under the scheme has been increased from 5012 to 7103. The total support extended by Government of India under the scheme has been enhanced from the present Rs 22,000 crore to Rs 23,500 crore per annum.

[DGFT Public Notice No. 32 dated 22nd September 2016]

Effect of Public Notice:- *Additions/Amendments in Table 2 [Containing ITC (HS) code wise list of products with rewards rates] of Appendix 3B Under the Merchandise Exports from India Scheme (MEIS) are notified.*

The DGFT hereby makes the following additions/amendments in Table 2 [containing ITC (HS) code wise list and description of goods with reward rates under MEIS] of Appendix 3B (notified through Annexure to Public Notice No.2 dated April 1, 2015 and amended through Public Notice No.27 dated July 14, 2015, Public Notice No.28 dated July 16, 2015, Public Notice No.44 dated October 29, 2015, Public Notice No.6 dated May 4, 2016 and Public Notice No.26 dated August 26, 2016):

[Full text available at worldtradescanner.com]

IGCR Amended – Security Condition Re-introduced in Excise Rules

[Ref: Excise Notification No. 46 (NT) dated 26.09.2016]

The Central Government hereby makes the following rules further to amend the Central **Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable and Other Goods) Rules, 2016**, namely:-

In the said rules, in rule 4, in sub-rule (5), after the word "surety", the words, **"or security"** shall be **inserted**.

[F. No. 201/10/2016-CX.6]

Customs Clearance Facilitation Committee of Officials Setup at Land Customs Stations and ICDs for Speedy Clearance

Subject: Setting up of 'Customs Clearance Facilitation Committee' (CCFC) for Land Customs Stations and Inland Container Depots.

44-CBEC 22.09.2016 (DoR) Please refer to Board's Circular No. 13/2015-Customs dated 13th April, 2015 with respect to setting up of Customs Clearance Facilitation Committees at each sea port and airport tasked with the responsibility of ensuring expeditious Customs clearance of imported and export goods.

2. With a view to have similar administrative arrangements for facilitation of trade in the Land Customs Stations, CCFCs shall be set up in the following Commissionerates having jurisdiction over the various Land Customs Stations,-

(i) Commissionerate of Customs (Preventive) Amritsar;

(ii) Commissioner of Customs (Preventive) Kolkata;

(iii) Commissioner of Customs (Preventive) Patna;

(iv) Commissioner of Customs (Preventive) Shillong.

The CCFCs shall also be set up in the Commissionerates having jurisdiction over the Inland Container Depots.

3. The CCFC would be headed by the Principal Commissioner of Customs or Commissioner of Customs for their respective jurisdictions. Its membership would include the senior-most jurisdictional functionary of the following departments/ agencies/stakeholder:

(i) Food Safety Standards Authority of India / Port Health Officer (PHO)

(ii) Plant Quarantine Authorities

(iii) Animal Quarantine Authorities

(iv) Drug Controller of India (CDSO)

(v) Textile Committee

(vi) Custodians

(vii) Land Ports Authority of India (for CCFC in LCSs)

(viii) Forest and Wild Life Authorities

(ix) Railways/CONCOR

(x) Border Security Agencies (for CCFC in LCSs)

(xi) Pollution Control Board

(xii) Any other Department / Agency / stakeholder to be co-opted on need basis.

[Full text available at worldtradescanner.com]

CBEC Clarifications on Double Benefit of Zero Duty EPCG and SHIS

4 Corrects Three Customs Notifications

Subject: Incorrect simultaneous issuance of dual benefit of Zero duty EPCG and SHIS to exporters under the FTP 2009-14 - option providing flexibility to return either benefit.

45-CBEC
23.09.2016
(DoR)

The undersigned is directed to say that instances of simultaneous issuance of zero duty EPCG and SHIS were detected by DRI and highlighted to the DGFT. Subsequently, the CAG of India also mapped the concurrent availing of SHIS and zero duty EPCG not being in line with FTP 2009-14 provisions. The issue revolves around wordings in para 5.1A HBP (27.08.2009), para 5.1(f) FTP (5.6.2012), para 5.1(b) FTP (18.4.2013), para 3.10.3 and 9.3 (HBP).

2. After inter-Departmental consultations, that also took into account wordings in conditions specified in Customs EPCG/Post Export EPCG notification Nos. 101/2009-Cus, 102/2009-Cus, 22/2013-Cus, 5/2013-Cus, 23/2013-Cusand SHIS notification No. 104/2009-Cus and clarifications made in Circular Nos. 26/2009-Cus and 38/2010-Cus, the Public Notice No. 30/2015-2020 dated 8.9.2016 (copy attached) has been issued by the Department of Commerce (DGFT) with the concurrence of Department of Revenue. The aspects notified in the Public Notice are self-explanatory. The Ministry directs that pending issues related to the simultaneous issuance or availing of zero duty EPCG/Post Export EPCG and SHIS shall be decided in terms of the said Public Notice.

3. It was noted by the Ministry that consequent to issuance of the said Public Notice, the bar related to dual issuance placed in Customs notifications insofar as they relate to the FTP 2015-20 become unnecessary. These have been removed through Notification No. 52/2016-Customs dated 23.9.2016 that has suitably amended Notification Nos. 104/2009-Cus, 16/2015-Cus and 17/2015-Cus.

4. The trade and officers should be guided by the Commissioners.

F.No.605/60/2013-DBK

[DGFT Public Notice No. 30 dated 08.09.2016 is available at worldtradescanner.com in DINDEX No. 7193]

[Customs Notification No. 52 dated 23rd September 2016]

Amendments in each of the notifications of the Government of India in the Ministry of Finance (Department of Revenue), specified in column (2) of the Table below, which shall be amended or further amended, as the case may be, in the manner specified in the corresponding entry in column (3) of the said Table, namely :-

Table

SNo.	Notification number and date	Amendments
(1)	(2)	(3)
1.	104/2009-Customs, dated the 14th September, 2009	In the said notification, in the opening paragraph, in condition (2), the words, brackets, figures and letters "or sub-paragraph (3) of paragraph 2 of notification No. 16 of 2015-Customs, dated the 1st April, 2015 or first proviso to sub-paragraph (1) of paragraph 2 of notification No. 17 of 2015-Customs, dated the 1st April, 2015" shall be omitted.
2.	16/2015-Customs, dated the 1st April, 2015	In the said notification, sub-paragraph (3) of paragraph 2 shall be omitted.
3.	17/2015-Customs, dated the 1st April, 2015	In the said notification, proviso to sub-paragraph (1) of paragraph 2 shall be omitted.

[F.No.605/60/2013-DBK]

DGFT Notice on Handling Double Benefit Cases

Subject: Clarification in respect of definition of service provider under Common Service Providers (CSP) in Export Promotion Capital Goods (EPCG) scheme.

18-TN
23.09.2016
(DGFT)

The issue has arisen whether EPCG authorizations can be issued to a person who does job work for the exporter of goods, as a CSP under para 5.02 read with para 1.35 of Foreign Trade Policy (FTP) 2015-20.

2. In light of Para 9.00 of the FTP 2015-20 which states as under:

"For purpose of FTP unless context otherwise requires, the following words and expressions shall have the following meanings attached to them"

and in terms of para 2.57 of the FTP 2015-20, it is hereby clarified that in the context of common service providers under the EPCG scheme dealt with in Para 5.02 of the FTP the definition of service provider includes job workers of the type illustrated in the example below.

Example - there may be multiple garment exporters obtaining services at different stages of garment manufacturing (such as knitting, dyeing, compacting, printing, embroidering, labelling, cutting etc.) from a number of other units who own these facilities but do not engage in the export of garments. The arrangement gives flexibility to exporters to not own all the infrastructures for conversion from input to final export products.

3. In such cases the provisions of DoR exemption Notification no. 16/2015 Customs are to be complied with.

4. This issues with the approval of competent authority.

No Immunity from Prosecution if No Payment made under Settlement Commission Orders

[CBEC Instruction dated 21.09.2016]

Sub: Non compliance of the sub-section 2 of Section 32K of Central Excise Act, 1944 also made applicable to Service Tax matters by virtue of Section 83 of the Finance Act, 1994 and sub-section 2 of Section 127H of the Customs Act, 1962-Immunity granted to a person from prosecution, penalty and fine.

As per sub-section 2 of Section 32K of the Central Excise Act, 1944 also made applicable to Service Tax matters by virtue of Section 83 of the Finance Act, 1994 and sub-section 2 of Section 127H of the Customs Act, 1962, immunity granted to a person from prosecution, penalty and fine shall stand withdrawn if such person fails to pay any sums specified under order of settlement within the stipulated time. In this regard, it has been brought to the notice of the Board that the conditions subject to which the immunity has been granted have not been complied with by the applicants in some cases, thereby rendering the order of settlement void.

2. In view of the above, field formations are instructed to closely monitor and ensure strict compliance with the conditions stipulated in the order of Settlement Commission. In cases of any violations, the jurisdictional Commissioner should initiate necessary action under the relevant law after bringing it to the notice of the Commission.

F. No. 275/29/2016-CX.8 A

Guidelines for Certifying Common Service Provider under Para 5.02(b) of FTP

***Effect of the Public Notice:** ANF 5A of Aayat Niryat Forms of FTP 2015-20 has been amended to include guidelines for designating/certifying a Common Service Provider by DGFT, Department of Commerce or State Industrial Infrastructure Corporation in a Town of Export Excellence under Para 5.02(b) FTP 2015-20.*

[DGFT Public Notice No. 33 dated 23.09.2016]

Director General of Foreign Trade hereby notifies the guidelines for designating/certifying a Common Service Provider under Para 5.02 (b) of FTP 2015-20 with immediate effect.

Guidelines for designating/certifying a CSP as per Para 5.02(b) of FTP are being notified. Accordingly, a new Paragraph at Sl. No. 4 under the guidelines of ANF 5 A is inserted which shall read as under:

"4. Guidelines for designating/certifying of CSP under Para 5.02(b) of FTP 2015-20

The designating/certifying authority should call for the following documents:-

a. IEC
b. RCMC
c. Common service to be provided (in brief)
d. List of minimum six potential users (Name and IEC)
e. Name of the TEE where the applicant unit is located
f. Product category to be serviced
g. The unit should be duly registered with relevant indirect tax authorities prior to export."

No Refund of Terminal Excise Duty under Deemed Exports in Exemption Cases

Sub: Refund of Terminal Excise Duty (TED) under Deemed Exports where Duty has been paid from CENVAT Credit and ab-initio waiver is not available.

17-TN
22.09.2016
(DGFT)

The Para 7.03 (c) of FTP 2015-20 provides for refund of Terminal Excise Duty if exemption is not available. The Para 7.05 (ii) of FTP 2015-20 states that supply of goods which are exempted ab-initio from payment of Terminal Excise Duty would be ineligible to get refund of TED.

2. The Policy Circular No. 16 (RE-2012/2009-14) dated 15.3.2013 also while specifying the categories where ab-initio exemption is there, specified that no refund of TED should be provided by RAs of DGFT/Office of Development Commissioners, because such supplies are ab-initio exempted from payment of excise duty.

3. Even though there was ab-initio exemption from payment of TED for supplies to EOUs, some firms were trying to get refund of TED, paid in many cases with accumulated CENVAT credit. This amounted to encashment of the accumulated CENVAT credit by way of TED refund under deemed exports, wherein no TED was required to be paid in the first instance.

4. This lead to a certain position being taken also regarding the refund of TED in deemed export cases where no such ab initio waiver existed and the duty had been paid using the CENVAT credit, on grounds related to the permissibility of refunds of TED paid through CENVAT Credit. Some RAs had also denied the refund of TED in such cases. There were representations from trade and industry on this arguing that they have all along been getting such refunds.

5. In light of representations, the issue has been examined in consultation with Department of Revenue and it is accordingly clarified that the refund of TED as per FTP, subject to all other conditions, shall continue to be available where the ab-initio exemption was not provided and duty had been paid using CENVAT credit. However DOR has advised that necessary safeguards should be adopted to ensure that the TED is not already claimed (or shall not be otherwise claimed) as refund in any other manner, such as area based exemptions.

6. It is reiterated that no refund of TED shall be allowed where ab-initio exemption was there, as already specified in the FTP.

This issues with the approval of DGFT.

Calcium Nitrate with Mixture of other Compounds in Chapter 31 under Fertilisers, Calcium Nitrate as Single Products in Ch. 28

[CBEC Instruction dated 2nd September 2016]

Sub: Classification of certain inorganic chemicals such as mono potassium phosphate, calcium nitrate, potassium magnesium phosphate as fertiliser.

Board has vide Circular No. 44/2001-Cus dated 6th August, 2001 clarified that mono potassium phosphate, calcium nitrate, potassium magnesium phosphate will merit classification under Chapter 28 of the Customs Tariff and not under the Chapter 31 as fertilisers. This was for the reason that note 1(b) of Chapter 31 of the First Schedule to the Customs Tariff Act,1975 states that this Chapter does not cover separate chemically defined compounds other than those answering to the descriptions in note 2(A), 3(A), 4(A) and 5 of the said Chapter. As the subject compounds do not figure in these chapter notes, they have to be excluded from Chapter 31 and classified as separate chemically defined compounds.

2. In the Conference of Chief Commissioners of Customs and Director Generals (08-09th January, 2016, Mumbai) on Customs Tariff and Allied Matters, one of the Zones had raised the issue of classification of a mixture of Calcium Nitrate and Ammonium Nitrate under the trade name of Calcium Nitrate. It was stated that Calcium Nitrate is used as a trade name only whereas the product imported is actually a mixture of Calcium Nitrate and Ammonium nitrate. Therefore, the issue was raised for clarification whether the Calcium Nitrate mentioned in the Board's Circular No. 44/2001-Cus applied to all sorts of Calcium Nitrate including Ammonium Nitrate as well. It was clarified in the conference itself that the Board Circular No. 44/2001-Cus did not apply to mixtures.

3. The issue has been examined by the Board and it is clarified that –

The **Circular No. 44/2001 covers Calcium Nitrate as a separate chemically defined product.** It should not be confused with mixtures or salts where Calcium Nitrate is one of the constituents. Calcium Nitrate on its own, as a single product shall be classified under Chapter 28 where as, Calcium Nitrate along with other salt shall be classified under Chapter 31. The Circular 44/2001 covers Calcium Nitrate as a single product only. This Circular is not applicable to mixtures or compounds. Such mixtures shall be classified under Chapter 31.

It is also clarified that the **trade name can not be the basis of classification in this case**. Only the actual product or the constituents in the mixture should be the basis of classification. Calcium Nitrate alone as a single product is covered under the said Circular but mixtures of Calcium Nitrate with other salts (such as Ammonium Nitrate) even if they are named as Calcium Nitrate in the trade parlance are not covered -under this Circular.

This clarification is issued to ensure uniformity of assessment.

F.No. 528/79/2016-STO(TU)

No Service Tax on Upfront Payments for Govt Industrial Plots

41-ST
22.09.2016
(DoR)

In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts taxable service provided by State Government Industrial Development Corporations/ Undertakings to industrial units by way of granting long term (thirty years, or more) lease of industrial plots from so much of service tax leviable thereon under section 66B of the said Act, as is leviable on the one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for such lease.

[F. No. 354/51/2016 -TRU]

Board Not Happy with Slow Speed in Case Withdrawals

[CBEC Instruction dated 2nd September 2016]

Sub: Reduction of Government litigation – withdrawal of appeals by the Department before CESTAT/HC.

I am directed to invite your kind attention towards Board's instructions dated 17.12.2015 & 18.12.2015 regarding the withdrawal of cases and Member (L&J)'s D.O. letter dated 06.06.2016 & U.O. Note dated 01.07.2016 informing that in all such identified cases, applications for withdrawal should invariably be filed by 15.06.2016.

As already informed, All the cases identified for withdrawal were to be withdrawn by 15th July, 2016 as per the timeline given by the Revenue Secretary. However, after reviewing the reports of the zones, it is noticed that such cases in respect of most of the zones have still not been withdrawn by the various High Courts and Tribunals.

In this regard, I am directed to inform you that the latest position in respect of the number of cases withdrawn for your zone is required for forthcoming Revenue Secretary's meeting with the entire Board by 5th September positively. In case of non-withdrawal of the cases, detailed reasons may kindly be furnished by the respective zones.

F.No.390/Misc./163/2010-JC

China Slaps Double Duties on Distillers' Grains Imports from US

China will impose an anti-subsidy duty on imports of distillers' dried grains with or without solubles from the U.S., adding to an anti-dumping deposit introduced last week.

The provisional anti-subsidy duties range from 10 percent to 10.7 percent and will be implemented from Sept. 30, China's Ministry of Commerce said in a statement on Wednesday. Imports from suppliers including Poet LLC, Big River Resources LLC and Marquis Energy LLC will incur duties between 10 percent and 10.5 percent, the ministry said. Imports from other companies not listed in today's announcement will have a 10.7 percent duty imposed, it said.

A preliminary decision from authorities was that imports of subsidized U.S. distillers' dried grains has hurt China's domestic industry, according to the ministry. The anti-subsidy duty will be in addition to an anti-dumping deposit of 33.8 percent imposed last week. Chinese buyers will have to pay deposits on the after-tax imported price to customs.

China imported a record 6.8 million metric tons of DDGS in 2015, worth about $2 billion, according to Shanghai JC Intelligence Co., citing official customs data. The nation is the world's biggest buyer and almost all of its imports come from the U.S. Feed mills in China, the largest pork producer and consumer, use DDGS as a substitute for domestic corn and soybean meal in animal feed.

GST Scanner

First Meeting of GST Council Held in Vigyan Bhawan on 22 September: Centre, States

The Centre and the States failed to reconcile their differences on the issue of the threshold for exemption of businesses under the Goods & Services Tax regime, at the first meeting of the GST Council. The second meeting will be on the weekend of 30 Sept in Delhi.

It seems that the States will have full jurisdiction over GST (CGST and SGST) Collections in cases upto Rs.1.5 crs while the higher value cases will be handled by the Centre. Similarly, All Service Tax collections will be handled by Centre by the Service Tax Establishments.

"We will continue discussions on Friday and try to reach a consensus on the threshold," said Finance Minister Arun Jaitley, who is also the head of the Council. However, on three other aspects - the rules and timetable of GST Council meetings, and the compounding procedure - consensus was reached, he added.

The agenda for the meeting suggested that the threshold for exemption should be Rs. 25 lakh, but some States want a lower limit. "There is a division of opinion on the issue. In Delhi, we want the threshold to be Rs. 25 lakh as otherwise small businesses will get impacted," said Delhi Deputy Chief Minister Manish Sisodia.

Andhra Pradesh Finance Minister Yanamala Ramakrishnudu made a case for the exemption threshold to be pegged at Rs. 10 lakh.

Kerala Finance Minister Thomas Isaac said that the GST Council should function democratically and respect the rights of States.

States such as Andhra Pradesh, Uttar Pradesh and Tamil Nadu are understood to have sought voting rights in the GST Council in proportion to States' representation in Parliament, but this did not find wider acceptance. Other States, including Kerala, wondered whether the GST Council Vice- Chairperson should be selected by consensus or elected.

CBEC Releases FAQs on GST

The Union Finance Minister Arun Jaitley released on 21 September a Booklet containing Frequently Asked Questions (FAQs) relating to Goods and Services Tax (GST). Speaking on the occasion, the Finance Minister Jaitley lauded the efforts of the officials associated in the preparation of the booklet. He complimented Central Board of Excise and Customs (CBEC) for taking the initiative in getting the compilation done on a short notice. He hoped that the compilation would serve as a useful guide for the officers as well as trade and industry

The FAQ compilation covers broadly 24 topics with Chapters on Registration, Valuation, Input Tax Credit, Assessment, Audit, Refund, Demand and Recovery, Appeals, Advance Ruling, Offence and Penalties etc.

The FAQ will serve as a training tool for helping the officers as well as public, to get acquainted with the Model GST law and its nuances.

The compilation is also available on CBEC website.

The journey to roll-out the Goods and Services Tax (GST) has commenced with the enactment of the 101st Constitution Amendment Act, 2016 on 8th September, 2016 and the subsequent notifications. The GST is a new fiscal law and it is necessary that tax officers and the trade are suitably aware of the law. In this backdrop, CBEC as a part of capacity building exercise has prepared a compilation of FAQ on GST.

WTO 13 to Begin Talks on Ban to Fisheries Subsidies

4 India Ups Subsidies on Marine Exports as Price for Shrimps Hit Ceilings

4 UNSDG 14.6 Calls for End of Subsidies, End of IUU (Illegal, Unreported and Unregulated Fishing)

A group of 13 WTO members announced plans last week to begin preparations for negotiations to ban harmful fisheries subsidies, aiming to reach an international agreement under the Geneva-based organisation. According to a joint statement, these talks would aim to tackle subsidies that contribute to overfishing and overcapacity, along with those linked to illegal, unreported, and unregulated (IUU) fishing.

Participants include Argentina, Australia, Canada, Chile, Colombia, New Zealand, Norway, Papua New Guinea, Peru, Singapore, Switzerland, Uruguay, and the United States. Along with addressing subsidies themselves, the group also aims to improve reporting and transparency on such state aid.

The participants also aim to strengthen the capacity of developing countries to implement these planned subsidies disciplines. Discussions are now underway on exactly how to conduct the talks as well as next steps.

"We believe this initiative will result in significant trade, economic, development, and environmental benefits, and help put us on track towards achieving target 14.6 of the UN Sustainable Development Goals," the joint statement reads, referring to a universal goal of sustainably using and conserving the world's oceans, adopted last year as part of a broader UN 2030 Agenda for Sustainable Development.

Specifically SDG 14.6 calls for the prohibition of fisheries subsidies that contribute to overcapacity and overfishing, and the elimination of those related to IUU fishing activities, by 2020. Some subsidies can augment fishing capacity and effort, thereby exacerbating pressure on stocks, while IUU fishing undermines marine management and conservation efforts.

The UN Food and Agriculture Organization (FAO) estimates that approximately 31.4 percent of commercial fish stocks are overfished. This includes familiar species such as the Atlantic cod, chub mackerel, and certain types of tuna. Meanwhile, some studies suggest that IUU fishing makes up between 13 and 31 percent of reported catches, climbing to as much as 50 percent in certain regions.

Fish are also among the world's most traded food commodities, with developing countries claiming a growing share over the last few decades, providing an important source of foreign currency earnings. They also generate employment for 56.6 million people, and play a critical role in ensuring food security and nutrition.

Our Ocean Conference

The joint statement was issued on the eve of the third Our Ocean Conference, a major US-led gathering on international ocean conservation, held on 15-16 September in Washington. The event also saw the unveiling of over 136 new initiatives on marine conservation, the promotion of sustainable fisheries, and the reduction of marine pollution, to the tune of US$5.24 billion.

Among the wave of efforts, US President Barack Obama announced last Thursday the creation of the first US marine reserve in the Atlantic, as well as extending coverage of the Papahānaumokuākea marine national monument off the coast of Hawaii to create the world's largest marine protected area. Other milestones included the establishment of Cambodia's first marine protected area.

WTO Agreement at Next Meeting?

According to the joint statement, participants in this fisheries initiative will work with other like-minded WTO members to conclude an ambitious, high standard agreement, while simultaneously supporting ongoing efforts to make progress on a wider multilateral deal.

According to some sources, the move represents a bid to find ways forward in the face of blockages in multilateral talks on fisheries subsidies, particularly within the WTO "rules negotiating group" charged with tackling the subject. However, this new initiative would not preclude endorsing a multilateral solution if one can be found, sources said.

The initiative resembles other efforts to conclude trade agreements at the WTO among a select group of members, also known as a "plurilateral," with examples to date covering information technology products, government procurement, and environmental goods, among others.

These, however, have largely dealt with market access whereas the fisheries subsidies initiative would relate to domestic rules.

China, EU, Russia, Korea, Japan in Missing List

Some commentators cautioned that the joint statement was missing some major fisheries producers and subsidisers such as China, the EU, Korea, Japan, and Russia, which would be critical for making a difference on the issue.

The group does, however, include three of the top ten global producers – the US, Peru, and Norway – as well as four of the top ten global exporters – Norway, the US, Chile, and Canada.

Several sources also said they expected additional participants to join further down the line.

Doha Agenda

Multilateral talks on fisheries subsidies disciplines have been ongoing in the WTO for the last 15 years under the auspices of wider global trade talks launched in Doha, Qatar, in 2001. Trade ministers subsequently agreed at a 2005 Hong Kong ministerial to work towards a prohibition of certain forms of fisheries subsidies that contribute to overcapacity and overfishing, taking into account appropriate special and differential treatment (S&DT) for developing and least developed members as an integral element.

Despite initial advances in technical discussions, the talks eventually stalled. Last year saw a comparative uptick of activity around fisheries subsidies, however, in the run up to the WTO's Tenth Ministerial Conference (MC10) held in December in Nairobi, Kenya. Several proposals for multilateral disciplines or related talks were released, with the African, Caribbean, and Pacific (ACP) Group of developing countries joining the list of proponents.

An attempt to reach a fisheries subsidies outcome eventually floundered at the ministerial, although a group of 28 WTO members did release a ministerial statement pledging to reinvigorate the organisation's work in order to achieve ambitious and effective disciplines on fisheries subsidies.

On the broader agenda, WTO members ultimately agreed to disagree on the merits of the Doha negotiating structure, while simultaneously issuing a strong commitment to continue to address its substantive issues.

Trade negotiators in Geneva, Switzerland, have since been reflecting on the best way forward for multilateral trade talks and what key items to address for the WTO's next conference, which is due to be held in late 2017. Multiple sources have said that fisheries subsidies disciplines are on the docket as a potential outcome, with the SDG 14.6 deadline looming large.

Some sources indicated that multilateral discussions are being held on some key questions around fisheries subsidies rules – for example, looking at what type of support countries currently provide, along with what changes would need to take place.

Proposals for multilateral disciplines are also expected within the next month, including a potential contribution from the ACP Group and another from Peru, although sources said they did not yet know what the exact nature of these submissions would be. Many supporters of a fisheries outcome expressed hope that WTO members would move to textual negotiations well ahead of the next ministerial conference (MC11).

These talks will likely need to address previous calls to resolve other issues also assigned to the rules negotiating group, such as clarifications to rules on anti-dumping duties, although the status of WTO talks in general is unclear following the Nairobi outcome.

TPP to Provide Frame

Several trade watchers last week suggested that the group's joint statement on fisheries subsidies could help to translate ground-breaking fisheries subsidies rules found in the regional Trans-Pacific Partnership (TPP) deal between 12 Pacific Rim countries into a wider setting and potentially go beyond these.

The TPP negotiations, concluded in October 2015, included the first fisheries subsidies disciplines found in any trade agreement. The deal would prohibit subsidies for fishing that negatively affect overfished stocks as well as those provided to any vessel engaged in IUU fishing activity. TPP participants would also be required to notify fisheries subsidies more generally.

UN Releases Report on Access to Medicines

A new report by a panel convened by the UN Secretary-General on improving access to medicines and health technologies has drawn significant interest in the week since it was released, along with questions about next steps in this field.

The publication, known formally as "The High-Level Panel on Access to Medicines Report: Promoting Innovation and Access to Health Technologies," was formally released on 14 September, bringing to a close a nearly year-long process launched by UN Secretary-General Ban Ki-moon in November 2015.

The report was commissioned as part of a broader recognition of the strong relationship between health and development, which is also referred to in the UN Sustainable Development Goals (SDGs) adopted in September 2015. The third SDG is focused specifically on good health and well-being, and outlines a series of related targets to meet this goal.

The publication elaborates on policy recommendations to improve access to medicines for communicable and non-communicable diseases, both in developed and developing countries. The analysis covers the interlinkages – and potential gaps or inconsistencies – in the relevant human rights, trade, intellectual property rights, and public health frameworks and policies.

R&D Costs Separated from Consumer Pricing

The report calls upon all stakeholders, especially governments, to take concrete steps aimed at filling the gap when the necessary market incentives are lacking. Specifically, the report suggests taking steps that would "delink" research and development (R&D) costs from prices, arguing that such actions are essential when trying to develop, for example, innovative approaches to emerging infectious diseases, such as the Ebola and Zika viruses.

Ebola Fiasco

"No one expected either virus to leave its endemic borders or spread so rapidly. Consequently, no vaccines were developed," the report says. In turn, the lack of prior funding for developing Ebola therapies and point-of-care diagnostics proved devastating when the disease outbreak was at its full force in 2014, with the virus ultimately killing over 11,000 people.

The report also calls for government action in fostering additional health-related investment, such as in medical R&D. This investment could be structured in a similar fashion to foreign aid commitments, where a percentage of national GDP is committed annually.

Another recommendation suggests requiring more transparency from the pharmaceutical industry. This could involve having manufacturers and distributors disclose their R&D costs, as well as those incurred in production, marketing, and distribution.

Customs Exchange Rates

[As on 28 Sept 2016]

Currency	Imports	Exports
1 FC = IC		
US Dollar	67.75	66.05
EURO	76.55	74.00
Pound Sterling	90.25	87.20
Australian Dollar	50.80	49.05
Bahrain Dinar	183.70	171.40
Canadian Dollar	51.40	49.85
Danish Kroner	10.30	9.90
Hong Kong Dollar	8.75	8.50
Kuwait Dinar	229.55	214.75
Newzeland Dollar	49.60	47.70
Norwegian Kroner	8.25	7.95
Singapore Dollar	49.80	48.20
South African Rand	5.10*	4.75*
Saudi Arabian Riyal	18.45	17.25
Swedish Kroner	8.00	7.70
Swiss Franc	70.00	67.55
UAE Dirham	18.80	17.65
Chinese Yuan	10.20	9.85
100 FC = IC		
Japanese Yen	66.55	64.35
Kenya Shilling	68.35	63.90

[F.No.468/01/2016-Cus.V]

**w.e.f. 23.09.2016*

[Ref: 121-Cus (NT) dated 15th Sept 2016]

Crude Steadies at $43.74

Crude Oil (Indian Basket) from 20 - 26 Sept 2016

	20 Sept	21 Sept	22 Sept	23 Sept	26 Sept
($/bbl)	43.25	43.49	44.94	44.70	43.74
(Rs/bbl)	2898.84	2908.59	3003.85	2979.62	2918.14
(Rs/$)	67.02	67.02	66.85	66.85	66.71

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas

OBITUARY

Deepak Kumar, noted expert on Customs Valuation died on 27 September 2016. Cremation took place in Chakala, Mumbai. A Message to this effect was received from his sons Manoj, Rajiv and Kunal Gaind.

He was a good human being and an avid campaigner against smoking. He confessed to how he picked up the habit and lost his voice due to the resulting cancer.

Deepak Kumar joined the Customs as Appraising Officer in Mumbai Custom House in 1973 after LLB from Delhi University. He had worked in CESTAT, Air Cargo Complex, FEMA, M&P & R&I and Preventive wings largely in Mumbai area. He was Commissioner (Valuation), Directorate General of Valuation.

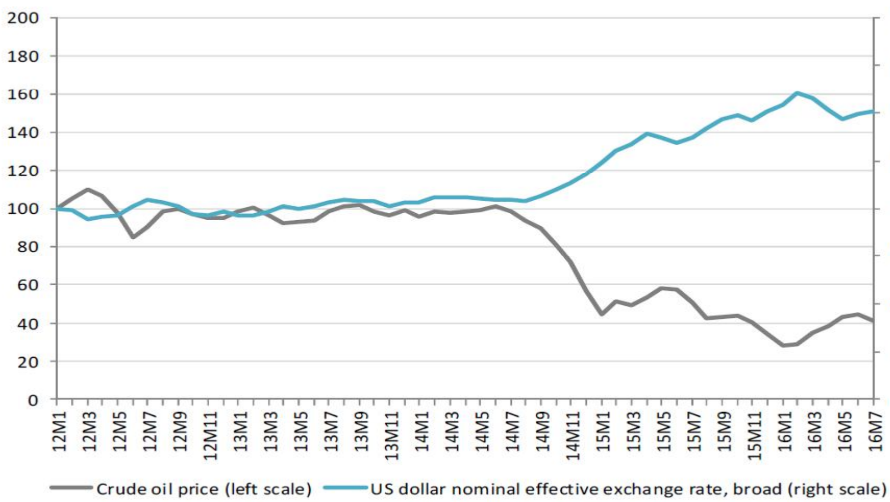
He was a practicing Advocate in Mumbai operating from his office in Chakala.

He authored the Handbook of Customs Valuation Imports and Exports: Commentary – Cases – Legal Texts released on 15h October, 2010.

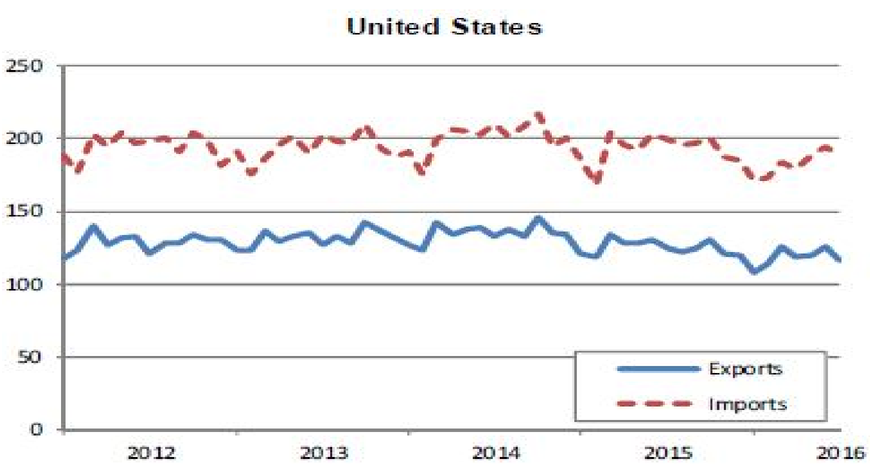
On behalf of Academy of Business Studies and also our Associates Siddhartha Logistics, we offer him the deepest condolences.

Contd.. 210 - India One of the Worst...

particularly commodities such as oil. If this trend continues for the remainder of the year, world merchandise trade growth in dollar terms could exceed trade growth in volume terms in 2016. Trade developments in current dollar terms are shown for selected economies.



Source: BIS for effective exchange rates, IMF International Financial Statistics for oil prices.



Patentability

The report suggests taking advantage of the flexibilities offered by the TRIPS Agreement, as reinforced by the 2001 Doha Declaration. Article 27 of the TRIPS Agreement, which deals with patentable subject matter, is also cited as a relevant consideration, given the importance of ensuring that patentability is only possible when innovation is indeed genuine.

The report also addresses another area of the TRIPS Agreement, specifically the terms regarding compulsory licenses under Article 31 of TRIPS. The panel states that some governments might not be currently exercising this right, in an attempt to avoid industry backlash.

No Trips Plus

The report also addresses how intellectual property rights are dealt with in free trade agreements negotiated among countries – and warns against including “TRIPS-plus” provisions in such accords. “These provisions may impede access to health technologies, including those requiring governments to ease standards of patentability, drug regulatory authorities to link marketing approval to the absence of any claimed patent, and the requiring of test data exclusivity instead of test data protection, to list a few,” the report says.

No Infrastructure, High Trade Barriers

The much-anticipated release of the report drew swift reactions from media outlets and stakeholders alike, with some welcoming the report’s efforts and objectives, while others raised questions as to its focus and scope.

On the industry side, some pharmaceutical companies have already expressed concerns over the focus of the report, with some representatives telling the Financial Times that the panel should have directed its work toward the lack of proper infrastructure. They cited examples such as the need for temperature-controlled vehicles and warehouses, which could improve the storage and transport of medicines in order to guarantee effective distribution.

The US Chamber of Commerce issued its own reactions upon the report’s release, similarly questioning the focus of the UN panel report. According to the US business federation, the publication did not cover the “real culprits that stand between patients and care” – specifically, tariffs and taxes levied on imported medicines, along with weak healthcare infrastructure that impedes effective distribution.

“The irony is that by singling out patents, this report has attacked the innovative systems that have actually produced thousands of cures and saved millions of lives,” said the US Chamber of Commerce, warning that the report’s recommendations could hurt the private sector’s ability to develop ground-breaking new treatments.

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