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G-14 Meets before Geneva Ministerial

The EU hosted officials from the so-called G14 countries for a Doha Round negotiating session. The meetings were intended to provide impetus to the talks, a European delegate explained to the General Council, adding that the results of the consultations would be integrated into the broader multilateral process. But several delegations intervened on Tuesday to express their displeasure at the lack of transparency in such meetings. Lamy seemed sympathetic.

The EU is expected to brief delegates on the outcome of the G14 sessions at an informal meeting of the Trade Negotiations Committee on Friday morning. The G-14 is made up of Australia, Brazil, Canada, China, Egypt, the EU, India, Indonesia, Japan, Malaysia, Mexico, New Zealand, South Africa and the United States.

Ministerial details slowly emerge

The WTO's upcoming ministerial conference, which is set to take place in Geneva from 30 November to 2 December, was a major item on the General Council's agenda.

Chile's trade minister, Andrés Velasco, will chair the ministerial conference, Matus told the delegates, while the trade ministers of Egypt, Indonesia and Switzerland will serve as vice chairs. At this point, there seems to be consensus that three items should be included in the ministerial agenda, Matus reported: TRIPS non-violation complaints, e-commerce, and a recently circulated proposal entitled 'Strengthening the WTO'.

The latter proposal has already generated a wide base of support, having attracted 18 sponsors that range from the EU and the United States to Brazil, India, Mexico and Uruguay. The proposal - which would have the General Council "establish an appropriate deliberative process to review the organisation's functioning, efficiency and transparency and consider possible improvements"-has been generally well received by other members, Matus said.

The new document has quickly generated buzz among trade observers.

The sponsors of the paragraph-long proposal indicated that they would like it to be included in the chair's summary that is to be released at the end of the three-day ministerial meeting. At this point, that summary is the only 'outcome document' expected from the meeting, Matus reported. An official ministerial declaration is still a possibility, a trade source said, but at this point such a document appears unlikely.

Lamy also weighed in, offering a bit of clarification on the scope of the meeting.

Outside the conference, though, key countries are already planning meetings for their ministers, where Doha Round negotiations will be the main item on the agenda. Brazil is reportedly organising such an invitation-only gathering for the weekend before the conference kicks off.

US Wants 2% More Duty for Sensitive Agri

The US has informally suggested that it be allowed to protect an additional two percent of agricultural tariff lines as 'sensitive', trade sources said, a move that sparked immediate resistance from exporting countries already concerned about the extent of market access exceptions in the WTO's troubled Doha Round of trade talks.

While lesser tariff cuts for sensitive products would have to be accompanied by expanded quotas, exporting countries have seen them as a tool that importers are likely to use to reduce the degree of market opening. Under the current draft text, developed countries would be allowed to designate up to four percent of tariff lines as 'sensitive' - although towards the end of last year, Canada demanded an additional two percent of tariff lines, and Japan demanded as much as four percent more.

In the recent consultations, the US reportedly suggested that the greater flexibility requested by Canada and Japan could be made more widely available. However, exporting countries present at the meeting underscored that, if agreed, the additional sensitive product allowance for these two countries would not be "a general option for all," one negotiator said.

Delegates also warned that the US idea, which was reportedly floated unofficially at a small group meeting last week, would send the wrong signal at a time when negotiators are still struggling to get the talks out of first gear. The suggestion "got a negative reaction," one official said, warning that it would be likely to provoke resistance from developing countries in particular.

Negotiations on sensitive products have proven to be particularly tense, with lengthy discussions among around a dozen importing and exporting countries last year ultimately leading to a complex compromise proposal that has been incorporated into the draft text currently under negotiation.

Russia, Belarus, Kazakhstan to Join WTO in Co-ordination but not as Customs Union

Russia, Belarus and Kazakhstan will no longer seek to join the WTO as a single customs union, trade officials from the three countries said last week. But they still plan to closely coordinate their accession talks, the officials added, and the countries will wait until all of their negotiations have been completed so that the three former Soviet states can join the global trade body simultaneously.

Russian Prime Minister Vladimir Putin stunned trade observers in June when he announced that Russia, Belarus and Kazakhstan would seek membership in the WTO as a single customs union. The three countries will become a customs union as of 1 January 2010.

But current WTO members, whose consensus approval is required for any new country to join the global trade body, were less than thrilled about the idea. There is no precedent for a customs-union bid to join the WTO, and no one was sure exactly how such an accession would work. One thing was certain, though: a joint bid would slow down the accession process, perhaps considerably.

During a series of accession talks last week, officials from Russia, Belarus and Kazakhstan announced a change in strategy. They will still form their customs union at the beginning of the year, but they will enter the WTO as individual states. Each country will maintain its own working party on accession - the official forum in which the bidding country hammers out a deal with current WTO members - but outside those negotiating rooms, the three countries will harmonise their commitment levels on goods tariffs.

Addressing an informal meeting of trade officials at the WTO on 15 October, a representative of the European Union said that the bloc ‘welcomed’ the new approach.

Russia, by far the largest economy outside the WTO, has been negotiating its entry into the WTO since 1993, as has Belarus. Kazakhstan launched its accession talks three years later.

But even with individual bids, the countries’ ultimate membership in the global trade body will require significant more work. Russia continues to face opposition on its meat quotas as well as its export duties on goods like oil, gas and timber products. And the three countries’ vow to harmonise their tariff schedules for goods will no doubt slow the talks, as Kazakhstan has reportedly already agreed to limit import duties on some 3,000 goods at levels below what Moscow has deemed acceptable. Negotiating a compromise on that front will no doubt require many further hours of negotiations.

EU, South Korea Sign Free Trade Accord

The European Union and South Korea signed a free trade agreement last week that will do away with ‘virtually all tariffs’ on trade between the two major world economies, the European Trade Commission said in a statement. The deal is the biggest trade pact ever signed by the 27-nation bloc.

The EU’s Trade Commissioner, Catherine Ashton, and South Korean trade minister Kim Jong-hoon initialled the deal in Brussels on 15 October, officially marking the end of negotiations on the deal.

Two-way goods trade between Europe and South Korea amounted to •65 billion in 2008. The EU is South Korea’s second-largest trading partner, after China. The EU Trade Commission says the new deal will give European exporters an estimated •19 billion in new trade.

Deal addresses services, NTBs, duty drawback

The services trade is set to get a significant boost from the deal, the Commission said, as Seoul has agreed to significantly liberalise its telecommunications, environmental, legal, financial and shipping sectors.

The deal will also remove non-tariff barriers to trade (NTBs) - standards and regulations on goods such as pharmaceuticals, autos, and consumer electronics, among others. In the light of already-low tariffs on such products in South Korea, the removal had been a main demand of some EU member countries.

Beyond the deal to reduce behind-the-border measures, the free trade agreement (FTA) also provides for dispute settlement mechanisms for resolving disagreements over NTBs. The pact marks the first time that such a mediation mechanism devoted exclusively to non-tariff measures has been included in a European FTA.

In a key provision for the EU, the deal also includes special provisions that would speed up the consideration of trade disputes over motor vehicles and auto parts - a highly sensitive sector in Europe.

More generally, the agreement’s dispute settlement mechanism allows parties to revert to to pre-agreement ‘most-favoured nation’ tariff levels in certain cases of non-compliance. Some European countries had long insisted on such a mechanism, which is likely to be used predominantly for NTB cases in sectors such as automotive and consumer electronics.

The deal also clarifies rules governing intellectual property and allows either party to invoke a general safeguard clause in the case of a sudden surge in imports.

The signing of the deal last week marks the end of nearly two and a half years of bilateral negotiations, which hit several stumbling blocks along the way. Negotiators clashed repeatedly on a ‘duty drawback’ provision that would reimburse Korean manufacturers for tariffs they pay on cheap imported auto components when the cars produced from those products are exported to the EU. The finalised text allows for such repayment, but with some limits: “in case of a significant increase of sourcing from countries that have not concluded [a free trade agreement] with Korea…a special clause allows for a cap of the refundable duties at a level of 5 percent,” according to a fact sheet from the Commission.

The Commission will present the finalised text to EU member states in early 2010; it expects the deal to enter into force later that year, assuming the pact wins the approval of the European Presidency and the European Parliament.

The agreement is the first FTA signed by the EU since the bloc launched its ‘Global Europe Strategy’ in 2006. When it was announced, the strategy marked a shift from a strictly multilateral policy to a global trade policy that includes a focus on free trade accords, particularly with emerging Asian economies. The strategy has also spurred European negotiations with India and seven Southeast Asian countries; those talks are still in progress. Trade observers say that significant chunks of the EU-South Korea deal will be used as a template for the ongoing negotiations.

Pressure grows in Washington

The United States struck a similar free trade accord with South Korea in April 2007, but the pact has yet to be approved by lawmakers. The agreement has languished in Congress, largely due to opposition from the auto and beef industries.

But the signing of the European deal could put some pressure on the administration of US President Barack Obama to push the deal through.

Dollar-Rupee rate at NSE Futures

Trade Date	Open Price	High Price	Low Price	Close Price	Daily Settlement Price	Open Interest	No. of Contracts	Value (Rs. lakhs)	RBI Reference rate
27-Oct-09	47.0000	47.0025	46.7800	46.9275	46.9275	194086	1676876	786293.7	46.8300
26-Oct-09	46.4725	46.6675	46.4400	46.6500	46.6500	271776	1319005	614599.3	46.5800
23-Oct-09	46.3100	46.6000	46.3100	46.5525	46.5525	336928	1359942	632264.9	46.4500
22-Oct-09	46.4500	46.8225	46.4500	46.7625	46.7625	346005	1639418	765387.9	46.6600
21-Oct-09	46.3650	46.5225	46.3425	46.5000	46.5000	341801	1421187	659860.0	46.4400

[Source: NSE and RBI Website]

Wild Life Act and CITES Prohibition Extended to New Items

Subject: Import Policy of wild animals (including their parts and products).

13-Ntfn(RE) 14.10.2009 (DGFT) In exercise of powers conferred under section 5, read along with Section 3 (2) of the Foreign Trade (Development and Regulation) Act, 1992, also read with paragraph 2.1 of the Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in the ITC (HS) Classifications of Export and Import Items :

1. Import Licensing Note No. (6), (2), (2), (2) and (1) at the end of Chapter 1, 2, 3, 4 and 41 respectively are amended as follows and an Import Licensing Note No. (1) is inserted at the end of Chapter 96 as follows:

"Import of wild animals (including their parts and products) as defined in the Wildlife (Protection) Act, 1972 is prohibited and in respect of those species listed in CITES, is subject to the provisions of CITES."

2. Import Licensing Note No. (1) is inserted at the end of Chapter 14 to read as follows:

"Import of the item 'Red Sanders Powder' shall be subject to the provisions of CITES."

3. Import Policy for the following items is amended as follows:

Exim Code	Item Description	Policy	Policy Conditions
4301 10 00	Of mink, whole, with or without head, tail or paws	Free	Imports are subject to Wild Life (Protection) act, 1972 and CITES.
4301 30 00	Of lamb, the following : Astrakhan, Broadtail, Caracul, Persian and Similar lamb, Indian, Chinese, Mongolian or Tibetan lamb, whole, with or without head, tail or paws	Free	Imports are subject to Wild Life (Protection) act, 1972 and CITES.
4301 60 00	Of Fox, whole, with or without head, tail or paws	Free	Imports are subject to Wild Life (Protection) act, 1972 and CITES.
4301 80 00	Other furskins, whole, with or without head, tail or paws	Free	Imports are subject to Wild Life (Protection) act, 1972 and CITES.
4301 90 00	Heads, tails, paws and other pieces or cuttings, suitable for furriers' use	Free	Imports are subject to Wild Life (Protection) act, 1972 and CITES.

4. This issues in public interest.

Marble Licences only for Marble Gang Saw Machines in the Name of Applicant – No Lease Holders Please

Sub: Amendment in Policy for Issue of Import Licences for Rough Marble Blocks/Slabs, w.e.f. 1st October, 2009

16-Ntfn(RE) 23.10.2009 (DGFT) In exercise of powers conferred under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with paragraph 2.1 of the Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in Schedule-I (Imports) to the ITC (HS) Classifications of Export and Import Items:

1. Sl. No. 2.(C) I(a) of the DGFT Notification No. 15 dated 15.10.2009, shall be substituted as under:-

(a) "Units who have installed marble gang saw machine (except 100% EOUs and units in SEZ). However, the marble gang saw machine shall be in the name of the applicant only. No gang saw on Lease Basis shall be considered for the purpose of allocation of import entitlement.

The Units should have been in operation for 5 years prior to 1st April of the current licensing year."

This issues in public interest.

Import Procedures of Rough Marble Blocks/Slabs w.e.f 1 October 2009

Sub: Policy for issue of import licences of Rough Marble Blocks/Slabs, w.e.f. 1st October, 2009.

15-Ntfn(RE) 15.10.2009 (DGFT) In exercise of powers conferred under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with paragraph 2.1 of the Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in Schedule-I (Imports) to the ITC (HS) Classifications of Export and Import Items:

2. Import Licensing Note No. (2) inserted at the end of Chapter 25, will be amended to read as follows:

(A) A number of representations have been received from the various associations of marble manufacturers/processors for review of the regime governing import of marble. The matter has been considered carefully by the Government. The following Policy provisions will henceforth be applicable for import of rough marble blocks/slabs w.e.f. 1st October, 2009. This Policy will supercede earlier Policy/Guidelines for issue of import licences of rough marble blocks/slabs.

(B) Attention is invited to EXIM Code Nos. 25151100, 25151210, 25151220, 25151290 indicated in Schedule-1 (imports) of ITC (HS) Classifications of Export and Import Items. As per the provisions contained therein, import of Marble and Travertine - Crude or Roughly trimmed, Merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape & other Calcareous Stone is restricted and subject to import licensing procedures.

(C) The applications for import licence under the above-mentioned Exim Codes will be considered in the following manner: -

I. Eligibility of the units will be decided based on the following two criteria

(a) Units who have installed marble gang saw machine (except 100% EOU units and units in SEZ). The units should have been in operation for 5 years prior to 1st April of the current licensing year.

(b) All eligible units as per (a) above should have indigenous sales turnover of processed marble slabs/tiles only, of Rs.1.00 Crore (Rupees one Crore only) and above in each of the previous five financial years.

II. Floor Price

It is further clarified that these licences shall be subject to the following floor price, which shall be endorsed on all licences.

i) For crude or roughly trimmed marble – US$ 275 per Metric Tonne (MT);
ii) For rough marble blocks – US$ 275 per Metric Tonne (MT); and
iii) For rough Slabs – US$ 450 per Metric Tonne (MT)

III. Entitlement

The total import of rough marble blocks under Exim Code Nos25151100, 25151210, 25151220,

CDMA Mobile Phones without ESN Prohibited on the Lines of GSM Mobiles without IMEI

Subject: Import policy of "Mobile Handsets".

14-Ntfn(RE) 14.10.2009 (DGFT) In exercise of powers conferred by Section 5, read with Section 3(2) of the Foreign Trade(Development and Regulation) Act, 1992, also read with paragraph 2.1 of the Foreign Trade Policy – 2009-2014, the Central Government hereby amends Schedule-I of the ITC (HS) Classification of Export and Import Items as under:

1. "(i) Import of 'Mobile Handsets' (classified under ITC (HS) Code '8517') without International Mobile Equipment Identity (IMEI) No. or with all Zeroes IMEI is prohibited with immediate effect.

(ii) Import of 'CDMA mobile phones' (classified under ITC (HS) Code '8517') without Electronic Serial Number (ESN) / Mobile Equipment Identifier (MEID) or with all Zeroes as ESN / MEID is prohibited with immediate effect."

2. This issues in public interest.

will be subject to a ceiling of 3 lakh MT for the whole of the licensing year. Eligible unit will be entitled for an import licence pro rata on the basis of average indigenous sales turnover of processed marble slabs/tiles only, in the previous five financial years. The quantity so calculated will however be subject to the following overall ceiling: -

(a) Unit having one marble gang saw machine will be entitled for a maximum licence of 3,000 MT of marble blocks/slabs.

(b) Units having more than one marble gang saw machine will be entitled for a maximum licence of 3000 MT of marble blocks/slabs for the first gang saw machine, and 1500 MT of marble blocks/slabs for each of the additional marble gang saw machines.

IV. All licences shall be subject to actual user condition.

V. In this regard Licence holders shall file monthly returns regarding imports made by them to the concerned Regional Licensing Authority.

VI. The eligible applicants may file an application (after the applications are so invited for the said licensing year) in the form given in 'Aayaat Niryaat Form' together with all relevant documents, to the concerned Regional Authority of DGFT. The eligibility of the applicants with respect to para 2(I) above shall be decided based on verification/certificate from the concerned State Government. RA concerned would forward the applications of eligible applicants to DGFT, HQ for further consideration. For verification of the eligibility and entitlement the RA shall be guided by Policy Circular No.20 (RE-08)/2004-09 dated 16.7.2008 and Policy Circular No.25 (RE-08)/2004-09 dated 8.8.2008, regarding the required documents, with appropriate timelines.

3. This issues in public interest.

Rough Marble Import by Gang Saw Unit – Balance Quota of 1.6 Lakh MT for the Year 2009-10

Sub: Import licences for Rough Marble Blocks/Slabs – Issue of balance quota for the year 2009-10 as per New Policy.

12-Pol.Cir 23.10.2009 (DGFT) Attention is invited to DGFT Notification No. 15/2009-2014 dated 15th October, 2009 and amendment Notification No. 16 dated 23.10.2009 on the subject mentioned above.

2. Applications are invited for issue of import licences for rough marble blocks / slabs for the balance of the year 2009-10 from the eligible applicants as per the New Policy announced on 15th October, 2009. The balance quota for the year shall be 1.6 lakh MT.

3. The applicants may submit their application, in the relevant Aayaat Niryaat Form, along with the documents prescribed under Policy Circular No. 20 dated 16.7.2008 and Policy Circular No. 25 dated 8.8.2008. However, the time limits and relevant years mentioned in the two Policy Circulars would be modified so as to be in consonance with the Notification No. 15/2009-2014 dated 15th October, 2009 (and amendment Notification No. 16 dated 23.10.2009). Accordingly:-

(a) The established gang saw in the Unit should be in the name of the Unit as on date of this Circular, as certified by State Industry Department (District Industry Centre). The gang saw should also not be 'on Lease' from any other party;

(b) SSI/SIA Registration Certificate should show the Unit being in operation prior to 31.3.2004;

(c) The list of equipments / capital goods (other than gang saw) set up by the applicant in the Unit for processing marble slabs / tiles should be prior to 31.3.2004, as per Balance Sheet as on 31.3.2004 duly certified by a Chartered Accountant;

(d) Income Tax Return for the year 2003-04 indicating processing of marble by the Unit duly certified by a Chartered Accountant;

(e) CA Certificate indicating indigenous sales turnover of marble slabs / tiles of years 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09; and

(f) A copy of Chartered Accountant certified statement of accounts, filed along with Balance Sheet to Income Tax authorities for each of the years i.e. 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 (in order to prove the indigenous sales turnover of marble slabs / tiles of atleast Rs. 1 crore in each of the 5 years).

4. The last date for receipt of application shall be 2.11.2009. The applications may be submitted to the concerned RA of DGFT.

5. The inter-se allocation of quota shall be computed based on the full quota for the year 2009-10 as per the Policy notified vide Notification No. 15/2009-2014 dated 15th October, 2009 (and as amended by Notification No. 16 dated 23rd October, 2009). The quantities to eligible applicants shall be pro-rated for the balance quota of this year (after the said computation for the whole year).

6. This issues with the approval of Competent Authority.

Quilts and Quilted Bed Spreads as Finished Articles Classified in HS Code 9404

Subject: Classification of Textile quilted products like Quilts, Quilted bed spreads, etc.

903-CBEC 20.10.2009 (DoR) Reference has been received from Trade seeking clarification regarding classification of Quilts and Quilted bed spreads. These are ready to use products. The process of manufacture of these products is that between two layers of fabrics, a layer of cotton/synthetic fabric, etc is placed- and thereafter, it is stitched and converted into made-ups and articles of bedding. The general practice as per the trade has been to classify the products under chapter 5811. However, practice at some places has been to treat these products as classifiable under chapter 94.

2. The matter has been examined by the Board. The HSEN to Chapter Heading 5811 reads as follows:

'These materials are commonly used in the manufacture of quilted garments, bedding or bedspreads, mattress pads , clothing, curtains, place-mats, underpads (silencers) for table linen etc.

The heading does not cover:

a Plastic sheets quilted, whether by stitching or heat sealing to a padded core (generally Chapter 39);

b Stitches or quilted textile products in which the stitches constitute designs giving them the character of embroidering;

c Made up goods of this Section;

d Articles of bedding or similar furnishing of Chapter 94 padded or internally fitted.'(emphasis supplied).

The made up goods are defined by Section Note 7 of Section XI.

In this context, the term 'used in the manufacture' is important to note. It means that heading 5811 covers only materials which are further used in making of quilted final products like bedding or bedspreads. Further HSEN to this Chapter Heading also state that the heading does not cover made up goods of this Section (Section Note 7) and articles of bedding or similar furnishing of Chapter 94 which are padded or internally fitted. Thus, the articles of bedding and furnishing fall in Chapter 94.

3.1 The Heading 9404 covers the final finished products like quilts and other articles of bedding and furnishing. The HS explanatory notes to Chapter 9404 further clarify that the heading covers:

'A Mattresses supports,…

B Articles of bedding and similar furnishing which are sprung or stuffed or internally fitted with any material (cotton, wool, horsehair, down, synthetic fibers etc or are of cellular rubber or plastics (whether or not covered with woven fabrics, plastics. etc). For example:

1. Mattresses, including mattresses with a metal frame:

2. Quilts and bedspread (including counterpanes and also quilts for baby - carriages) eiderdowns and duvets (whether of down or any other filling/mattress protectors ,bolsters,Pillows/cushions, pouffes, etc'

3.2 Quilts, Quilted bedspread etc are articles of bedding and are covered under the Explanation (B) (2) as mentioned above.

4. From the above discussion, it is seen that what is covered by the Heading 5811 is the Quilted Textile Products which are further used in the manufacture of quilts, quilted bedspreads, etc. But the quilted bedspread or quilts may be correctly classified under 9404. Thus the benefit of the Notification No.30/2004 is not available to quilts, quilted bedspreads etc.

[F. No. 60/1/08-CX-1]

Assessable Value of Goods Manufactured by Job Worker

Subject: Assessable value in respect of goods manufactured on Job-work- Scope of Rule 10A of the Central Excise Valuation (Determination of price of Excisable goods) Rules, 2000.

902-CBEC 20.10.2009 (DoR)

It has been brought to the notice of the Board that some manufacturers of Motor Vehicles are getting complete Motor Vehicles manufactured by sending the Chassis of the Motor Vehicles to independent body builders for building the body as per the design/specification of the manufacturer. The practice followed is that the Chassis is transferred to the Body builder on payment of appropriate Central Excise duty on stock transfer basis and is not sold to them. The body builder avails the Cenvat Credit of the duty paid on the chassis and clears the same on payment of duty to the Depot/Sales Office/Distributer of the Motor Vehicle manufacturer. The duty is discharged by the body builder on the assessable value comprising the value of Chassis and the job charges. The Depot/Sales office of the MV manufacturer sells the vehicles at a higher price than the price on which duty has been paid. Similar practice may be prevailing in respect of other commodities also.

2. The matter has been examined. Rule 10A (ii) of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 stipulates that where the excisable goods are produced or manufactured by a job-worker, on behalf of a principal manufacturer, then in a case where the goods are not sold by the principal manufacturer at the time of removal of goods from the factory of the job-worker, but are transferred to some other place from where the said goods are to be sold after their clearance from the factory of job-worker, and where the principal manufacturer and buyer of the goods are not related, and the price is the sole consideration for the sale, the value of the excisable goods shall be the normal transaction value of such goods sold from such other place at or about the same time.

3. A plain reading of the aforesaid provision of law makes it clear that the assessable value for the purpose of charging Central Excise duty, in the cases where the Job-worker transfer the excisable goods to the Depot/Sale office/Distributer and/or any other sale point of the principal manufacturer, shall be the transaction value on which goods are sold by the principal manufacturer from such a place. Accordingly, after the insertion of Rule 10 A, the practice of discharging the duty on cost construction method by the body builder is not legally correct. It is, therefore, clarified that wherever goods are manufactured by a person on job work basis on behalf of a principal, then value for the purpose of payment of excise duty may be determined in terms of the provisions of Rule 10 A of the Central Excise Valuation (Determination of price of Excisable goods) Rules, 2000 subject to fulfilment of the requirements of the said rule. It is requested that the practice followed in your zone may be verified for body builders of motor vehicles and/or other commodities, which are manufactured on job work basis to ensure that duty is paid correctly as per Rule 10A wherever required.

4. Trade and Industry may be informed.

[F.No. 6/10/2009-CX.1]

Procedure for Diamond Imports for Certification and Re-export

Sub: Procedure and guidelines for import of diamonds for certification and grading and re-export thereof.

30-CBEC 22.10.2009 (DoR)

A new scheme under paragraph 4A.2 has been introduced in the Foreign Trade Policy 2009-2014 (FTP) for import of diamonds for certification and grading and re-export thereof. Procedure in this regard has also been specified under paragraph 4A.14 of Handbook of Procedure Volume I (HBP). To avoid dichotomy in following the procedure by the field formations for allowing import of diamonds for the specified purpose and re-export thereof, the salient feature of this scheme and procedure in this regard are laid down.

i. This scheme is presently allowed to the authorized offices/ agencies in India of Gemological Institute of America (GIA) in India only;

ii. GIA shall furnish a general bond to the satisfaction of the Asstt./ Dy Commissioner of Customs at the port of import, undertaking to properly account for the diamonds, to follow the specified procedure and to re-export diamonds within the prescribed period;

iii. The import shall be allowed under bill of entry having the detailed description of the diamonds, including *inter alia*, the dimensions, weight, colour, caratage, specification, approximate value etc of each piece of diamonds;

iv. The bill of entry should carry the endorsement "only for certification and grading";

v. GIA, while taking the diamonds in their unit, shall allot a unique 'control number' for identification purposes and maintain a separate account for such diamonds;

vi. After the grading/certification, the diamonds shall be re-exported under a shipping bill containing the detailed description as was mentioned at the time of import;

vii. Cross reference of B/E shall be endorsed in the shipping bill;

viii.The onus of certification shall solely rest with the GIA, i.e. the diamonds being re-exported are the same as those imported. GIA shall submit a certificate to this effect, along with the S/B, at the time of re-export;

ix. GIA shall obtain GR waiver in respect of import and re-export as per the procedure laid down by RBI and realize the foreign exchange for the service charges in terms of RBI guidelines;

x. The premises of GIA can be visited by Custom officers for surprise audit or checks. The Commissioner should devise a system of random audit at least twice a year;

xi. The diamonds imported for certification/ grading are to be re-exported within a period of 3 months from the date of import;

xii. The importer shall submit a quarterly statement by 25th of the month succeeding quarter. The statement should reflect the B/E No. & date, details of diamonds and details of re-exports etc; and

xiii.Re-export shall be allowed only from the port through which import took place.

2. Wide publicity may please be given to these instructions by way of issuance of Public/Trade Notice. Suitable Standing orders/instruction may be issued for guidance of the field officers. Difficulties, if any, in implementation of these instructions, may be brought to the notice of the Directorate General of Export Promotion.

3. This issues with the approval of Central Board of Excise & Customs.

F.No.: DGEP/G&J/428/2006

Refund of Education Cess Paid along with Excise Duty for Deemed Export Supplies

Subject: Reimbursement of Secondary and higher education cess paid on excise duty/ terminal excise duty in case of supplies made under deemed exports.

11-Pol.Cir 13.10.2009 (DGFT)

In policy circular no 15 dated 4th July 2005 it was clarified that in terms of Para 8.3(b) & (c) of Foreign Trade Policy 2004-09, Education Cess paid along with excise duty for supplies made under deemed export are eligible for deemed export drawback and refund of terminal excise duty subject to fulfillment of conditions mentioned against the relevant provisions.

2 Subsequently, after introduction of Secondary and Higher Education cess in the Budget 2007, representations have been received about re-imbursement of Secondary and Higher education cess. The matter was examined and it was clarified vide letter no 01/92/180/92/AM 05/ PC VI dated 11th April 2008 that Education cess, including Secondary and Higher Education Cess paid along with excise duty may be refunded subject to fulfillment of requisite conditions.

3 Representations have now been received stating that RAs are taking the view that the clarification of 11.4.08 can have only prospective effect. The matter has been considered. It is clarified that the letter dated 11.4.2008 issued to all RAs was clarificatory in nature and therefore claims filed before that date for refund of Secondary & Higher education cess are also eligible for refund.

This issues with the approval of competent authority.

RCMC Issued by Coconut Development Board is Mandatory for Export of Coconut and Coconut Products

The following Public Notice was issued by the Commissioner of Customs (Export) Jawaharlal Nehru Custom House on 16th October 2009.

Subject: Export of Coconut and Coconut based products by exporters not registered with Coconut Development Board.

77-PN 16.10.2009 Attention of the Exporters, Custom House Agents, Members of Trade and all concerned is invited towards Coconut Development Board's Letter No. F.No.0101(22) Mktg/ 2009, dt. 22.08.09. The Ministry of Commerce & Industry (Dept. of Commerce)'s notify that Coconut Development Board as an Export Promotion Council having product jurisdiction over all coconut products other than those made from coconut husk and fiber. The present ITC (HS) Code nos. which come under the preview of Coconut Development Board as per Annexure I.

It has come to notice that certain exporters are exporting coconut and coconut products without obtaining RCMC issued by the Coconut Development Board. Since it is mandatory for the Exporter to get registration from coconut Development Board to export coconut./coconut Products, therefore all the attentions of all the exporters, CHA, Members of Trade and all concerned is invited to obtaining RCMC from Coconut Development Board before export of coconut and coconut product other than coconut husk and fiber.

F.No:S/12-Gen- 102/09-10AM(X)

DEPB Rates Raised on Polyester Staple Fibre to 8% from 5%, New Cap Rs. 80/kg

Agricultural Tractor DEPB Rate Fixed at 4%

14-PN(RE) 13.10.2009 (DGFT) In exercise of powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-2014 and Paragraph 1.1of the Handbook of Procedures (Vol.I), the Director General of Foreign Trade hereby makes the following additions amendments in the Schedule of DEPB Rates (as amended from time to time) with immediate effect:

1. Product Group: Engineering (Product Code: 61)

New DEPB rate for the following product shall be added after Sl. No. 611 of Product Group " Engineering Products" (Product Code: 61):-

DEPB Sl. No.	Description	DEPB rate	Value cap
612	Agricultural Tractor in CKD/SKD/CBU/SKID condition	4	---

2. Product Group: Chemicals (Product Code: 62)

The following DEPB entry at Sl. No.556 of the Product Group "Chemicals" stand amended as follow:

DEPB Sl. No.	Description	DEPB rate	Value cap
556	Polyester Staple Fibre	8	Rs.80/- Per kg.

This issues in public interest.

Swedish Kroner Exchange Rates

157-Cus(NT) 22.10.2009 (DoR) In exercise of the powers conferred by Section 14 of the Customs Act, 1962 (52 of 1962), the Board hereby makes the following amendments in the Notification of the Government of India, Ministry of Finance (Department of Revenue) No. 146/2009-CUSTOMS (N.T.) dated the 25th September, 2009 [S. O. 2460 (E)], namely:-

In the SCHEDULE-I of the said Notification for Serial No. 8 and the entries relating thereto, the following shall be substituted, namely:-

Schedule-I

SNo.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
8.	Swedish Kroner	6.77	6.90 (No Change)

The rates will be effective from 22nd October, 2009.

[F. No. 468/15/2009-Cus.V]

Service Tax Exempted on Canals Contract Works

41-ST 23.10.2009 (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, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service referred to in sub-clause (zzzza) of clause (105) of section 65 of the said Act, in relation to execution of a works contract in respect of canals, other than those primarily used for the purposes of commerce or industry, from the whole of service tax leviable thereon under section 66 of the said Act.

[F.No.137/40/2009-CX-4]

Export Credit of USD 20mn to Eritrea

Subject: Exim Bank's Line of Credit of USD 20 million to the State of Eritrea

AP(DIR Srs) Cir.12 23.10.2009 (RBI) Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 24, 2009 with the State of Eritrea making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible goods and services, machinery and equipment including consultancy services from India for the purpose of financing multipurpose agricultural projects not exceeding USD 10 million [the proposed projects include Artificial Insemination Development Project, Poultry Waterer and Feeder, Establishment of Milk Collection Centers, Pressurized Irrigation System (Drip Irrigation System), Solar Pumps Project and Soil Survey and Land Evaluation Equipment] and multipurpose educational projects not exceeding USD 10 million [which include purchase of teaching materials including books, laboratory/educational equipment, chemicals, computers etc. for seven Eritrean Institutions of Higher Education established in 2003-04 viz. Eritrean Institute of Technology (EIT), CSH, CBE, COMSAT, OROTTA, HAC and CASS, in addition to the National Board of Higher Education], in Eritrea. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 85 per cent of the contract price shall be supplied by the seller from India and the remaining 15 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 1, 2009 and date of execution of Agreement is August 24, 2009. Under the LOC, the last date for opening of

Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in case of project exports and 72 months (August 23, 2015) from the execution date of the Credit Agreement in case of supply contracts.

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

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

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

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

SBR Anti-dumping from Japan, Korea and USA Extended upto 27 June 2010 under Review Clause

Ntfn 120
16.10.2009
(DoR)

Whereas, the designated authority vide notification No. 15/25/2008-DGAD, dated the 31st March, 2009, published in the Gazette of India, Extraordinary, Part I, Section 1 dated the 1st April, 2009, has initiated review in terms of sub-section (5) of Section 9A of the Customs Tariff Act, 1975 (51 of 1975) and in pursuance of rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the said rules), in the matter of continuation of anti-dumping duty on imports of Styrene Butadiene Rubber (SBR) 1900 series, falling under heading 3903 or 4002 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from, the Japan, Korea RP and United States of America imposed *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue),No. 100/2004-CUSTOMS, dated the 28th September, 2004, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R.647(E), dated the 28th September, 2004, and has requested for extension of anti-dumping duty upto 27th June, 2010, in terms of sub-section (5) of Section 9A of the said Customs Tariff Act;

Customs Valuation Exchange Rates

October 2009		Imports	Exports	
Schedule I				
1	Australian Dollar	42.55	41.40	
2	Canadian Dollar	45.45	44.15	
3	Danish Kroner	9.70	9.35	
4	EURO	71.80	70.00	Rate of exchange of one unit of foreign currency equipment to Indian Rupees
5	Hong Kong Dollar	6.25	6.15	
6	Norwegian Kroner	8.45	8.15	
7	Pound Sterling	79.70	77.75	
8	Swedish Kroner	6.77*	6.90*	
9	Swiss Franc	47.55	46.20	
10	Singapore Dollar	34.40	33.60	
11	U.S. Dollar	48.60	47.70	
Schedule II				Rate of exchange of 100 units of foreign currency equivalent to Indian rupees
1	Japanese Yen	53.70	52.20	

(Source: Customs Notification 146(NT)/25.09.2009)
**w.e.f 22nd October 2009*

Commodity Spot Prices in India – 23-26 October 2009

These commodity prices are taken from Multi Commodity Exchange of India (Mumbai) at 6 pm every day. The weekly prices of commodities from different cities of India will be given in the order of Harmonized System classification.

Commodity Spot Prices covers price movements of 55 commodities (agricultural products and metals) provided on Multi Commodity Exchange of India on a daily basis. This Commodity Spot Prices Table focuses on price movements from 23-26 October.

(Rs.)

Commodity	Unit	Market	23-Oct	24-Oct	26-Oct
CER (Carbon Trading)	1 MT	Mumbai	936.5	930.5	930.5
Chana	100 KGS	Delhi	2396	2415	2456
Masur	100 KGS	Indore	4434	4573	4644
Potato	100 KGS	Agra	1436.3	1437.1	1438.8
Potato TKR	100 KGS	Tarkeshwar	1440.2	1447.8	1485.7
Arecanut	100 KGS	Mangalore	8572	8580	8587
Cashewkern	1 KGS	Quilon	309	310	308
Cardamom	1 KGS	Vandanmedu	736	735.5	747.75
Coffee ROB	100 KGS	Kushalnagar	66.4	63.3	63.3
Jeera	100 KGS	Unjha	12112	12150	12122
Pepper	100 KGS	Kochi	14182	14190	14376
Red Chili	100 KGS	Guntur	6147	6147	6148
Turmeric	100 KGS	Nzmbad	9875	9875	10600
Guar Gum	100 KGS	Jodhpur	5150	5225	5175
Maize	100 KGS	Nzmbad	908	911.5	897.5
Mentha Oil	1 KGS	Chandausi	545.9	544.9	547.6
Cotton Seed	100 KGS	Akola	1261	1272	1268
Castorsd RJK	100 KGS	Rajkot	2718	2732	2738.5
Guar Seed	100 KGS	Jodhpur	2410	2423	2432
Soya Bean	100 KGS	Indore	2075.5	2090.5	2140
Mustrdsd JPR	20 KGS	Jaipur	547.5	549.8	553.9
Sesame Seed	100 KGS	Rajkot	5313	5319	5338
Coconut Oil Cake	100 KGS	Kochi	1040	1040	1040
RCBR Oil Cake	1 MT	Raipur	5660	5650	6000
Kapaskhali	50 KGS	Akola	559.1	564.8	563.1
Coconut Oil	100 KGS	Kochi	4628	5720	4576
Refsoy Oil	10 KGS	Indore	437.4	440.55	447.7
CPO	10 KGS	Kandla	322.1	323.5	324.7
Mustard Oil	10 KGS	Jaipur	532.5	535.6	538
Gnutoilexp	10 KGS	Rajkot	641.4	633.3	630
Castor Oil	10 KGS	Kandla	560	565	570
Crude Oil	1 BBL	Mumbai	3788	3739	3739
Furnace Oil	1000 KGS	Mumbai	26938	26938	27083
Sourcrd Oil	1 BBL	Mumbai	3360	3360	3352.5
Brent Crude	1 BBL	Mumbai	3665	3718	3718
Gur	40 KGS	Muzngr	1046.9	1030.9	1031.3
Sugars	100 KGS	Kolhapur	3014	NA	3035
Sugarm	100 KGS	Delhi	3227	3231	3234
Natural Gas	1 mmBtu	Hazirabad	230.8	222.4	222.4
Rubber	100 KGS	Kochi	11054	11066	10976
Cotton Long	1 Candy	Kadi	23570	23580	23910
Cotton Med	1 Maund	Abohar	2311.5	2320.5	2317
Jute	100 KGS	Kolkata	2343.5	2384	2369.5
Gold	10 GRMS	Ahmd	15975	16000	15953
Gold Guinea	8 GRMS	Ahmd	12780	12800	12762
Silver	1 KGS	Ahmd	27270	27450	27364
Sponge Iron	1 MT	Raipur	14865	14920	14265
Steel Flat	1000 KGS	Mumbai	30650	30570	30710
Steel Long	1 MT	Bhavnagar	22490	22295	22005
Copper	1 KGS	Mumbai	308.4	310.75	310.75
Nickel	1 KGS	Mumbai	901.3	905.4	899.6
Aluminium	1 KGS	Mumbai	90.6	90.5	91
Lead	1 KGS	Mumbai	111.55	111.75	111.3
Zinc	1 KGS	Mumbai	104.2	105.4	105.9
Tin	1 KGS	Mumbai	714.25	711.75	727.75

(Source: MCX Spot Prices)

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of Section 9A of the said Act and in pursuance of rule 23 of the said rules, the Central Government hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 100/2004-CUSTOMS, dated the 28th September, 2004, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R.647(E), dated the 28th September, 2004, namely: -

In the said notification, at the end, the following shall be added, namely: -

"This notification shall remain in force up to and inclusive of the 27th June, 2010, unless the notification is revoked earlier".

[F.No.354/48/2004-TRU (Pt.I)]

Spirit of Seattle Hounds Geneva Ministerial

A Washington-based advocacy group has launched a multi-city campaign to 'turn around' the WTO's Doha Round of trade talks, which the organisation says "will hurt us economically, increase the flood of unsafe imports and undermine efforts to re-regulate the banks and stabilise our economy."

The campaign will include demonstrations in national capitals around the world and could bring protestors to Geneva for the WTO's upcoming ministerial conference, said Lori Wallach, Director of Public Citizen's Global Trade Watch, the group behind the campaign, on a conference call with journalists on Monday.

The first day of the WTO's upcoming seventh ministerial conference happens to fall on the 10-year anniversary of the street protests in Seattle that shut down the WTO conference that was meant to launch the Doha Round talks. The campaign organisers have seized on this inauspicious timing - which the WTO secretariat insists was a complete coincidence - and hope to use it as an opportunity to "celebrate the spirit of Seattle."

All eyes are on the United States this autumn as delegates struggle to wrap up the long-stalled trade talks, which were launched in November 2001 with the goal of helping developing countries grow through trade. The Obama administration has yet to truly engage in the talks, Geneva-based delegates complain, and Washington's hesitance is holding up the Round.

WORLD TRADE SCANNER

BIG's WEEKLY INDEX OF CHANGES

EU Proposes •280 mn Dairy Subsidies

Following weeks of protests by dairy farmers across the EU, the European Agriculture Commissioner proposed on Monday, 19 October injecting •280 million into the troubled European dairy sector.

The proposed new subsidies would be drawn from the EU's 2010 budget and distributed to member states according to their dairy production levels, EU Agriculture Commission Mariann Fischer Boel told agriculture ministers at a Monday morning meeting in Luxembourg.

European dairy producers have been struggling this year, as dairy prices have plummeted but production costs have stayed high. Angry at the lack of government controls, some frustrated farmers have halted deliveries and dumped millions of litres of milk into their fields.

But the potential new subsidies face one more hurdle: the European Council of Finance Ministers will rule on the •280 million proposal at a meeting on 19 November. If the finance ministers approve it, the promise of aid will become binding.

The European Milk Board, which has lobbied hard for government action to stabilise the dairy sector, lauded the politicians for showing "concrete movement" at Monday's meeting. But subsidies may not be the smartest approach, said EMB's vice president, Sieta van Keimpema.

Meanwhile, other European agriculture sectors are also struggling. French farmers blocked off Paris's famous Champs-Elysées during morning rush hour on Friday of last week, burning tyres and straw to protest low wheat prices, which recently dropped below the farmers' costs of production. If the proposed •280 million dairy subsidies are approved, the wheat farmers will have little chance of getting any help at all from Brussels.

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