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G-20 Meet in Brisbane to Focus on Structural Reform Measures to Up GDP by 2%

Meeting of G-20 Finance Ministers and Central Bank Governors, Cairns, 21 Sept 2014

India under Attack from G20 at Brisbane Meet

Prime Minister Modi is leading the Indian delegation to G20 meeting in Brisbane. It is a meeting of the Rich who control most of the world economy. India is a recent entrant to the club based on its credentials as an emerging market of the second largest population in the world.

The PM Modi will be under attack from the big powers led by US and backed by allies, specially Australia and the European Union. They are miffed with India over the derailing of the Doha Agenda and the Bali Agreement on Trade Facilitation. (India could respond with the claim that food security is a part of the G20 agenda. It expects support on its demand for a revision of the WTO Agro Subsidies agreement to align with today's prices and not those prevailing in mid 1980s. Former Indian Ambassador to WTO says that lack of engagement and interest on the plea is not fair to food security concerns of the poverty stricken countries like India.)

It is a moot point whether Modi will be able to hold out to the G20 pressure. He has no experience of complex negotiations in international meetings, Brisbane is his first multilateral exposure to the Rich countries ganged up against him. Threats of isolation at WTO and Plurilateral arrangements to exclude India are being held out openly and in secret.

The other issue of India's concern is the G20 agenda of mutual sharing of tax information. India is concerned about the stashing of money in Swiss Bank accounts and other tax havens promoted/ tolerated by the Rich countries. In the past G20 meetings, India could get the Swiss government to cooperate with the Indian authorities in cases where specific information is sought. Even though Switzerland is only an invitee to G20 meetings, India could make the Swiss to relax its rules under G20 pressure. (The next step in this process is to get the Banks like UBS, HSBC which control Swiss accounts to cooperate in giving the balance sheets of tax dodgers and cheats for a "Sound Financial Architecture" in G20 language.. This is not an easy task since these institutions are more than powerful than Governments.)

Australia is troubled over transfer pricing. Big mining companies like BHP Billiton export profits to low tax haven. If India toes the Australian line and accepts uniform accounting standards, it will lose the opportunity to attract investment flows based on competitive tax rates.

India can expect some support in its stance from other BRICS countries and Indonesia. But it is unlikely that Developed Countries vis Developing Countries fight will emerge in Brisbane. [We will report on the G20 Brisbane developments through our Daily Index of Changes and World Trade Scanner. – Arun Goyal,-Ed]

Brisbane Targets set by G-20 FMs

- Aim to lift our collective GDP by more than 2 per cent by 2018 above the trajectory implied by policies in place at the time of the St Petersburg Summit in 2013. Structural reforms will be important in this regard.
- Monetary policy in advanced economies continues to support the economic recovery, and should address, in a timely manner, deflationary pressures where needed, consistent with central banks' mandates.
- Implement our fiscal strategies flexibly to take into account near-term economic conditions, so as to support economic growth and job creation, while putting debt as a share of GDP on a sustainable path.
- Investment is critical to boosting demand and lifting growth. Today we have agreed to a Global Infrastructure Initiative to increase quality investment, particularly in infrastructure.

No more Bank Failures?

We have delivered key aspects of the core commitments we made in the wake of the financial crisis in 2008 to build a stronger and more resilient financial system which underpins growth in the global economy. Banks are now generally better capitalised and stronger liquidity arrangements are being put in place. For the Brisbane Summit, work is underway on a plan that will increase consistency in banks' application of the strengthened Basel III rules on capital. We have identified global banks and insurers that are so large, complex and interconnected that their failure could

Injection Moulding Machines in Anti-dumping Net on Four Producers Complaint, Constructed Prices used for "Dumping Margin"

Users claim that the four complainants do not have the quality or price of China and Malaysia. Taiwan is of higher quality of price. Four manufacturers cannot hold the plastic product manufacturers who make a wide variety of goods ranging from buckets, lunch boxes to plastic parts.

The range of machinery starts from simple 128 gm injection machine to 6480 gms. All of these, other than the most sophisticated ones based on servo motors, vertical types and those for footwear are under investigation.

It is rare that any country puts anti-dumping duty on machinery, the Government is killing investment and employment. Further, no effort to get market prices in Malaysia, Taiwan or China has been made to establish dumping. Artificial constructed prices are used to somehow stop free flow of imports which is otherwise paying customs duty.

cause significant economic and financial sector disruption, and potentially result in serious taxpayer losses. We have set stronger capital requirements for global systemically important banks. We welcome the substantial progress made to date in defining the terms and conditions of a proposal for addressing the too-big-to-fail issue through additional loss absorbing capacity that would further protect taxpayers if these banks fail. We welcome the FSB's statement that it will be in a position to deliver a proposal in time for the Brisbane Summit. The proposal will be subject to public consultation and a quantitative impact assessment and further refinement before any final measure is agreed. By the Brisbane Summit, the FSB will deliver the remaining core elements of its shadow banking framework and will update the Roadmap agreed in 2013 to support continued monitoring and actions to address potential systemic risks in this area. Our reforms to the over the counter (OTC) derivatives market will reduce systemic risks and increase transparency. We call on regulatory authorities to make further concrete progress in implementing these OTC derivatives reforms as agreed. We encourage jurisdictions to defer to each other when it is justified, in line with the St Petersburg Declaration.

Cross Border Tax Avoidance – Tax Information Exchange

- We are strongly committed to a global response to cross-border tax avoidance and evasion so that the tax system supports growth-enhancing fiscal strategies and economic resilience. Today, we welcome the significant progress achieved towards the completion of our two-year G20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan and commit to finalising all action items in 2015. We endorse the finalised global Common Reporting Standard for automatic exchange of tax information on a reciprocal basis which will provide a step-change in our ability to tackle and deter cross-border tax evasion. We will begin exchanging information automatically between each other and with other countries by 2017 or end-2018, subject to the completion of necessary legislative procedures.
- IMF quota and governance reform remains a key priority for the G20 and we are committed to maintaining a strong and adequately resourced IMF. We continue to urge the US to ratify the reforms agreed to in 2010 by year-end and reaffirm our Leaders' agreement in St Petersburg and our agreement in April 2014.

G-20 Past and Present

Who are in G20?

The G20 comprises Argentina, Australia, Brazil, Canada, China, EU, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, UK and USA. The G20 Countries together represent around 90% of global GDP, 80% of global trade, and two thirds of the world's population.

Aims

- Policy coordination for global economic stability and sustainable growth;
- Financial regulations to reduce risks and prevent financial crises after the contagion in late 1990s hit South Asia;
- International financial architecture to manage global economy;
- Anti Corruption
- Food Security
- Development in Poor Countries

Growing recognition that some of these countries were not adequately represented in global economic discussion and governance.

Since Finance Ministers and Central Bank Governors have met annually. India hosted a meeting of G20 finance ministers and central bank governors in 2002. G20 was raised to the Summit level in 2008 to address the global financial and economic crisis of 2008.

Organizational Structure of G20

The G-20 operates without a permanent secretariat or staff. The chair rotates annually among the members and is selected from a different regional grouping of countries. The chair is part of a revolving three-member management group of past, present and future chairs referred to as the Troika. The current chair of the G-20 is Australia; the next Chair will be Turkey.

Six G20 Summits have been held so far. The **First Summit** was hosted by the US President **in Washington in November 2008** to develop a coordinated response to the global financial crisis. At the First Summit, the Leaders discussed the causes of the global economic and financial crisis and agreed to implement an Action Plan around three main objectives, namely,

1. Restoring global growth,
2. Strengthening the international financial system and
3. Reforming international financial institutions

The **Second Summit in London in April 2009** came up with a stimulus package of US$ 1.1 trillion to restore credit and growth and strong regulatory provisions, expansion of Financial Stability Forum (renamed as 'Financial Stability Board' or FSB) and Basel Committee on Banking Supervision (BCBS), reiteration of commitment against protectionist trends (including trade, investment and services) and commitment to reform of International Financial Institutions.

The **Third Summit in Pittsburgh in September 2009** designated the G20 as the 'premier forum' for international economic cooperation. The main outcomes of the Pittsburgh Summit included to foster a 'Framework for Strong, Sustainable and Balanced Growth' in the 21st century through sound macroeconomic policies that prevent cycles of boom and bust through a Mutual Assessment Process (MAP) or 'peer review' which is co-chaired by India, a decision to reform the IFIs by shifting IMF's quota share to dynamic Emerging Markets and Developing Countries (EMDCs) of at least 5% from over-represented countries to under-represented countries, adoption of a dynamic formula for the World Bank to generate an increase of at least 3% voting power for developing and transition countries that are under-represented; and ensuring that World Bank and Regional Development Banks (RDBs) have sufficient resources to address global challenges.

The **Fourth Summit in Toronto in June 2010** under the theme 'Recovery and New Beginnings' focused on the 'Framework for Strong, Sustainable and Balanced Growth' and completion of Phase-I work comprising MAP (or 'peer review') by groupings of countries. Advanced economies have committed to fiscal consolidation, i.e. **halving of fiscal deficit by 2013** and **stabilizing debt by 2016** as part of internal re-balancing. An agreement was also reached on differentiated approach to consolidating growth and recovery versus exit strategies and fiscal consolidation, i.e. 'growth-friendly fiscal consolidation'. '**Development'** was introduced for the first time on the G20 agenda to be addressed through a High-Level Development Working Group (DWG).

The highlight of the **Fifth Summit in Seoul in November 2010** under the theme 'Shared Growth Beyond Crisis' was the launching of the G20 Development Agenda embodied in the Multi-Year Action Plans (MYAP) under the **nine development pillars**, viz.,

- Infrastructure (including a High-level Panel on infrastructure financing),
- Human Resources Development,
- Trade,
- Private Investment and Job Creation,
- Food Security,
- Growth with Resilience,
- Domestic Resource Mobilization,
- Knowledge Sharing and Financial Inclusion.

The **Sixth G20 Summit in Cannes in November 2011**reviewed the global economic situation in the backdrop of the Eurozone/Greek crisis. Its major outcomes included regulation of commodity derivatives markets, including Action Plan on Food Price Volatility and Agriculture and increase in transparency of energy markets and an expression of support for recommendations of High Level Panel and MDBs Action Plan on development. The outcome of the Cannes Summit resulted in the 'Communique' and 'Declaration' titled 'Building our Common Future: Renewed Collective Action for the Benefit of All' along with the 'Cannes Action Plan for Growth and Jobs'.

The Seventh G20 Summit : Priorities of the Mexican Presidency

The Seventh G20 Summit was being held in Los Cabos, Mexcio on 18-19 June 2012 under the Mexican Presidency. Mexico identified the following as its priorities :

1. To promote economic stabilization and structural reforms as foundations for growth and employment;
2. Strengthening the financial system and fostering financial inclusion to promote economic growth;
3. Improving the international financial architecture in an interconnected world;
4. Enhancing food security and addressing commodity price volatility; and
5. To promote sustainable development, green growth and the fight against climate change.

India and G-20

India's participation in the G20 process stems from the realization that as a major developing economy India has a vital stake in the stability of the international economic and financial system.

India has been actively involved in the G20 preparatory process both at the Sherpas Track and the Financial Track since its inception. The Prime Minister participated in all seven G20 summits. India's agenda at the G20 Summits is driven by the need to bring in greater inclusivity in the financial system, to avoiding protectionist tendencies and above all for ensuring **that growth prospects of developing countries do not suffer**. India has strived to ensure that the focus of the global community remains on the need to ensure adequate flow of finances to emerging economies to meet their developmental needs.

India has welcomed the inclusion of development as an agenda item of G20 process at the Seoul Summit and supported the Seoul Development Consensus and the associated Multi-Year Action plans. Prime Minster called for the recycling of **surplus savings into investments in developing countries to not only address immediate demand imbalances but also developmental imbalances**. .

DGAD Initiates Investigation on Melamine Tableware and Kitchenware Products from China, Thai and Vietnam on Hamilton Complaint

[Ref: Anti-dumping Initiation F.No. 14/10/2014-DGAD dated 28th October 2014]

Subject: Initiation of investigation for imposition of anti-dumping duty on imports of "Melamine Tableware and Kitchenware products" originating in or exported from China PR, Thailand and Vietnam.

M/s Hamilton Housewares Pvt. Limited (hereinafter also referred to as the Petitioner or applicant) has filed an application before the Designated Authority (hereinafter also referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the Rules) for initiation of anti-dumping investigation and imposition of anti dumping duty on the imports of Melamine Tableware and Kitchenware products (hereinafter also referred to as the subject goods or PUC) , originating in or exported from China PR, Thailand and Vietnam (hereinafter referred to as the 'subject countries).

Product under consideration

2. The product under consideration in the present petition is "Melamine Tableware and Kitchenware products" manufactured from Melamine Molding Compound (MMC). The melamine molding compound is a composition of Formaldehyde – Melamine Resin (70%), Cellulose (30%), Titanium Dioxide and Zink Stearate. Subject goods do not have a dedicated classification and is classified under Chapter 39 of Customs Tariff Act, 1975. It is imported under various HS codes namely 39241010, 39241090, 39249090, 39264049, 39269099. It has been clarified that the HS codes are only indicative and the product description shall prevail in all circumstances.

3. The subject goods are used for the purpose of eating, drinking and serving food and beverages. The product under consideration is produced in a number of different dimension and shapes called by different names such as dinner set, plates, bowls, tray, mugs, spoon, coaster, cup and saucer etc. The product under consideration is not produced in various grade but only in different shapes and designs. Therefore, it is appropriate to classify all these items under a broad heading of "Melamine Tableware and Kitchenware products" and take unit of measurement in terms of weight.

Like Article

4. The petitioner has submitted that there is no known difference in product produced by the petitioner and exported from the subject countries. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, functions & uses, product specifications, pricing, distribution & marketing and tariff classification, etc. Comparison of essential product properties in respect of domestic product and imported product would show that the goods produced by the domestic industry are identical to the imported goods in terms of essential product properties. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable and hence should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicant in India are being treated as 'Like Article' to the subject goods being imported from the subject country.

Domestic Industry & Standing

5. The petition has been filed by Hamilton Housewares Pvt. Limited. The information provided by the petitioner is being considered as the best available information, at this stage and as per the records available with Authority, the production of the petitioner accounts for "a major proportion" in the total production of the product under consideration in India. The petitioner satisfies the standing and constitutes Domestic Industry within the meaning of the Rules.

Countries involved

6. The present investigation is in respect of alleged dumping of the product under consideration from China PR, Thailand and Vietnam.

Normal Value

7. The petitioner has claimed that China PR should be treated as a non-market economy and has determined normal value in accordance with Para 7 and 8 of Annexure I of the Rules. In view of the non-market economy presumption and subject to rebuttal of the same by the responding exporters, normal value of the subject goods in China PR has been estimated in terms of Para 7 of Annexure I to the Rules. The applicant has determined the normal value based on cost of production in India, duly adjusted with selling, general and administrative expenses and reasonable profit.

Export Price

8. The applicant has determined the export price on the basis of data published by DGCI&S. Price adjustments have been claimed on account of commission, ocean freight, port expenses, inland freight, marine insurance, VAT adjustment and bank charges.

Dumping Margin

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

Injury and Causal Link

10. The applicant has claimed that domestic industry has suffered material injury from dumped imports. The demand for the product under consideration has increased over the injury period and subject imports have increased in absolute terms. The imports are undercutting the domestic prices. The imports have suppressed/depressed the domestic prices over the injury period. With regard to consequent impact of the imports on the domestic industry, it is noted that performance of the domestic industry has deteriorated in respect of parameters such as profits; return on capital employed and cash profits. The domestic industry is suffering significant financial losses, cash losses and negative return on investments. There is sufficient prima facie evidence of injury to the domestic industry caused by dumped imports from subject country to justify initiation of an anti-dumping investigation.

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

Period of Investigation (POI)

12. The Period of Investigation (POI) proposed by the applicant is April, 2013 – March, 2014 (12 Months). The injury investigation period will however cover the periods Apr'10-Mar'11, Apr'11-Mar'12, Apr'12-Mar'13 and the period of investigation. The proposed investigation period is recent enough and is a period of 12 months.

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

Government Submits List of Black Money Account Holders to Supreme Court in Sealed Envelope, Buck Passed to SIT

The government on Wednesday submitted the list of black money account holders to Supreme Court in a sealed envelope. The list contains the names of 627 people. The centre provided a list of persons having accounts with HSBC Bank in Geneva, given by France.

The Supreme Court refused to open the sealed envelope saying that the documents will be placed before SIT. "Only the SIT chairman and vice chairman can open the sealed envelope containing names of account holders," the apex court said.

SC said that the SIT will decide what further action is to be taken on black money issue. It asked the SIT to submit status report of its probe by November-end. The apex court has also allowed the Centre to put forth its grievances regarding various treaties with foreign countries before SIT.

Tariff Value Falls: Gold $10/10 gm; Silver $24/kg; Brass Scrap $122/MTs; Palmolein $12/MTs; Crude Soyabean Oil $15/MTs; Palm Oil $13-21/MTs

Poppy Seeds Tariff Value Rises by $106/MTs

100-Cus(NT) 31.10.2014 (DoR) In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted namely:-

"Table-1

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value US $ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	704
2	1511 90 10	RBD Palm Oil	737
3	1511 90 90	Others – Palm Oil	721
4	1511 10 00	Crude Palmolein	743
5	1511 90 20	RBD Palmolein	746
6	1511 90 90	Others – Palmolein	745
7	1507 10 00	Crude Soya bean Oil	837
8	7404 00 22	Brass Scrap (all grades)	3831
9	1207 91 00	Poppy seeds	3747

Table-2

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US $)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	391 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	551 per kilogram

Table-3

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US $ Per Metric Tons)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	2239"

[F. No. 467/01/2014-Cus-V Pt.I]

Dollar Rise with Interest Rate Hikes

Gold Slides with Silver to Lowest Since 2010

Gold tumbled to the lowest since 2010 as a stronger dollar cut demand and investors' holdings in bullion-backed funds dropped to a five-year low. Silver headed for the longest run of losses in 19 months.

The Dollar Spot Index climbed toward the highest close in five years as Republicans gained control of the Senate from the Democrats in U.S. midterm elections and Bank of Japan Governor Haruhiko Kuroda said he saw no limit to the steps the central bank may take to defeat deflation. The BOJ said last week it would add stimulus.

The Federal Reserve is moving closer to raising interest rates just as other central banks seek to spur their economies. Rising rates reduce gold's allure because bullion generally offers investors returns only through price gains, while a stronger dollar typically cuts demand for a store of value. Gold is set for the first back-to-back annual declines since 2000 as bullion-backed fund holdings slipped 6.8 percent this year.

"As long as the U.S. economy stays on track and the dollar remains strong, the metals will continue to stay under pressure," David Govett, head of precious metals at Marex Spectron Group in London, said in a note. "The only positive in a sea of precious negativity is the fact that the markets are getting themselves shorter and shorter the lower we go. At some point there will be a short-covering move," he said, referring to closing out bets on lower prices.

Gold for immediate delivery slid 1.9 percent to $1,146.34 an ounce by in London. It reached $1,143.76, the lowest price since April 2010. Gold for December delivery declined 2 percent to $1,144.90 on the Comex in New York.

Futures trading volume was triple the average for the past 100 days for this time of day, data compiled by Bloomberg show.

Holdings in gold-backed exchange-traded products fell 3.7 metric tons to 1,643.4 tons yesterday, the lowest since August 2009, data compiled by Bloomberg show. Assets in the SPDR Gold Trust, the biggest ETP, are at the lowest since September 2008, when Lehman Brothers Holdings Inc. collapsed.

Silver for immediate delivery dropped 3.9 percent to $15.4005 an ounce in London, extending declines into a sixth day in the longest run of losses since April 2013. It reached $15.3795, the lowest level since February 2010. Silver ETP holdings dropped 101.3 tons, the most since Oct. 8.

Platinum slipped 2.1 percent to $1,199.38 an ounce, reaching a four-week low. Palladium fell 2.6 percent to $765.50 an ounce.

Nickel Down even as Indonesia Bans Export, Aluminum, Zinc Rise

Nickel fell to the lowest in a week, leading industrial metals lower and slipping below aluminum and zinc as the London Metal Exchange's top performers this year.

Nickel dropped as much as 1.6 percent after slumping 3 percent on 4 November as inventories tracked by the LME rose to a record 385,860 metric tons. Aluminum, which displaced nickel as the biggest gainer on Nov. 3, has climbed 13 percent this year. Zinc moved into second place today with an 8.8 advance as nickel trimmed its rise to 8.2 percent.

Nickel dropped for two consecutive months as increased ore supply from the Philippines helped avert a shortage after Indonesia, the largest mined producer, banned raw ore exports from January. Demand growth is weakening in Europe and China for the metal used to make stainless steel, Morgan Stanley said Nov. 3. Aluminum has gained for eight of the last nine months amid falling global production and an improving demand outlook.

Aluminum stockpiles fell to 4.42 million tons, the lowest in more than three years. The aluminum market was in a deficit of 304,000 tons through the first eight months of the year, the World Bureau of Metal Statistics said Oct. 22. Demand for the metal used in everything from automobiles to drink cans will grow by 5 percent next year in the U.S., the second-largest metals consumer, JPMorgan Chase & Co. said Oct. 28.

Philippine Ore

The Philippines this year replaced Indonesia as the largest ore supplier to China, the world's biggest nickel user. Ore supplies have practically vanished from Indonesia after it enacted an export ban on unprocessed minerals to spur investment in its metals-processing industry.

Oil Price to Remain below $100 Till End 2015

(From Stratfor, the Global Intelligence Firm)

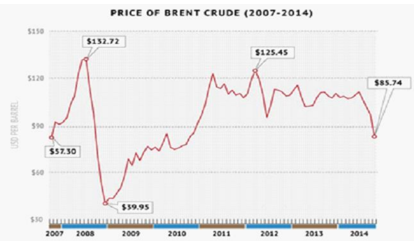
The recent drop in global oil prices is affecting economies around the world. In this piece the structural changes in the oil market, particularly the growth in supply and the decline in demand are discussed.

Since mid-June, the price of Brent crude oil has fallen by nearly 25 percent - going from a high of $115 to about $87 a barrel - and structural factors are causing concern among global oil producers that oil prices will remain near current levels through at least the end of 2015. Supplies will stay high as energy production in North America increases and OPEC countries remain hesitant or unable to cut production significantly.

In the short term, the Chinese economic slowdown and stagnant European economy will limit the potential for growth in oil demand. These factors could make it harder for global oil prices to rebound to their previous levels.

The world is living with oil prices above $100 per barrel since the beginning of 2011 as the world emerges from financial and debt crises. Major oil producers, on the other hand, have grown accustomed to high oil prices, often using them to underpin their national budgets. Sustained low oil prices will cause these oil producers to rethink their spending. Demand will fall.

Oil Supplies Rise

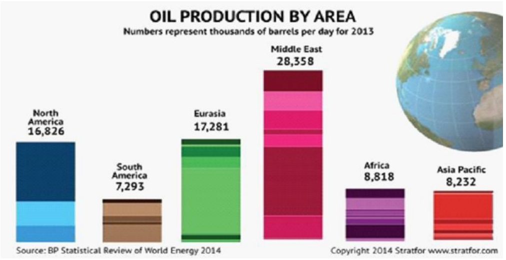


Production over the last four months is staggering. The United States has increased its production from 8.5 million barrels per day (bpd) in July to an estimated 9 million bpd. Libyan oil production has increased from about 200,000 bpd to more than 900,000 bpd. Saudi Arabia, Nigeria and Iraq have all increased production in recent months, and OPEC's production is at the highest level in two years. To put this into perspective, the International Energy Agency's projection for global oil demand growth for 2014 is only 700,000 bpd - roughly half of the total production increase mentioned above.

Production Cuts Remain Unlikely

The only OPEC members with enough flexibility to reduce oil production voluntarily are the United Arab Emirates, Kuwait and Saudi Arabia. None of the other members are in a financial position to take oil production offline. Libya, Algeria, Iraq, Iran, Nigeria and Venezuela all need maximum oil output and high prices to finance their budgets and social spending programs. Notably, Libya's OPEC governor called on the bloc to cut production by 500,000 bpd to buoy prices but made no mention that his country would take part in such a cut. Saudi Arabia, meanwhile, seems to have taken the opposite position, prioritizing a greater market share over higher prices.

Saudi Arabia's status as OPEC's swing producer has historically meant that Saudi Aramco will reduce production to create higher oil prices. But with U.S. production increasing so quickly and prices that are still relatively high, Riyadh has little interest to do so: A significant reduction in oil production might not increase the price of oil enough to make forgoing the additional exports worthwhile. Riyadh found itself in the same position in the 1980s when it cut production only to discover that its control over international oil prices was limited. The Saudis have been hesitant to play the same card ever since. More broadly, during the last four decades the Saudis- as well as the Emiratis and Kuwaitis - have amassed large wealth funds, enabling them to simply sit back and weather a period of low oil prices.



This means that if oil prices continue dropping, it will fall largely to U.S. producers to slow production expansion. North America's tight oil production costs vary considerably from basin to basin, but so long as oil prices do not continue falling - and they appear to have bottomed out in the mid-$80 per barrel range - almost all tight oil production will remain profitable, and drilling will continue to increase. The U.S. oil rig count, a rough indicator of impending oil production, remains near record levels, indicating that the recent downturn in oil prices has not dampened interest in drilling.

No more Supply Rise but Low Demand to Continue

In fact, in the short- to mid-term, production prospects outside North America will be rather bleak. Most of the recent production increases elsewhere around the globe were due to one-off events, such as the revival of Libya's production. There are only a few other changes - such as Iranian exports becoming unconstrained or Saudi Aramco dipping into its spare production capacity- that could put significant volumes of oil back on the market. In fact, it is more likely that large-scale production will go offline in places such as Nigeria and Libya. All of these possibilities limit the potential of a more drastic decline in oil prices.

On the demand side, a bullish oil market is unlikely. North American oil consumption is structurally in decline and has been since the mid 2000s. Electric vehicles, natural gas and other alternatives will continue to penetrate the North American oil market, albeit very slowly. The European oil market exhibits the same patterns seen in North America, but in Europe the structural decline is occurring amid slowing economic growth; many of Europe's more developed economies, such as that of France, are at effectively zero growth.

Housing Collapse in China?

Meanwhile, China's economy will continue to descend from the peaks of its post-2008 investment and construction boom. The decline of housing markets and related industries nationwide is at the heart of China's economic slowdown and will in large part determine China's overall economic health during the next one to two years.

Although a collapse in China's housing market in the next 12 to 18 months is not expected, should one occur, it would send China's economy into a tailspin and subsequently dampen demand for oil. The central government will likely enact more stimulus similar to previous economic measures, such as large-scale public infrastructure projects driven by state-led investment.

China's demand for oil could remain relatively strong in the absence of economic collapse, but China's increases in demand are likely to be more moderate than usual at an estimated 400,000 bpd over the course of the year. Increases in demand in the rest of the world combined will likely be no more than that figure. Meanwhile, global oil supplies do not appear likely to decline in the coming months. Therefore, there is every reason to believe that oil prices will stay lower than $100 per barrel for much of 2015, unless Saudi Arabia and OPEC change their minds about production cuts.

All eyes watching oil markets will turn to OPEC's semiannual meeting Nov. 27 to look for any shifts.

EU Farm Support Remains Minimally Trade-Distorting

EU farm support remains dominated by payments that are classified as only minimally trade-distorting, according to new data for the 2011-12 marketing year that the bloc has just submitted to the WTO.

"Green box" payments – which WTO rules require to have no more than minimal effects on trade or production – accounted for €70 billion out of a total of €81 billion that were reported to the global trade body last week. There are no caps or reduction commitments on these payments under current rules.

The most heavily trade-distorting subsidies, classified under the WTO's "amber box," hovered at just under €7 billion – a fraction of the €72 billion ceiling that Brussels has agreed to respect.

Another €1 billion of trade-distorting support was exempt from disciplines under the "de minimis" clause. This allows developed countries to provide trade-distorting payments up to 5 percent of the value of production in both product-specific and non product-specific support.

Wheat, skimmed milk powder, butter, and wine were among the products that have continued to receive relatively higher levels of support. Over the years, successive reforms aimed at improving farmers' ability to respond to market signals have

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World Bank Pink Sheet – November 2014

Oil Crashes, Coal Falls but NG up, Metals Fall Continues

Up ↑

Natural gas; Coffee and Tea

Groundnuts and Groundnut oil; Palm oil and Palmkernel oil

Barley; Sorghum; Wheat; Bananas, EU; Chicken Meat

World sugar

Down ↓

Coal; Crude; Cocoa; Coconut oil and Copra; Fishmeal

Soybean meal, Soybean oil and Soybeans

Rice; Meat beef and Sheep meat; Shrimp; Oranges

Logs, Plywood and Sawnwood

Cotton and Rubber; DAP and Urea

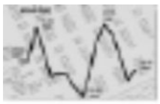
Aluminium, Copper, Iron Ore, Lead, Nickel, Tin and Zinc

Gold, Silver and Platinum

Steady ↔

Maize; Bananas, US; Woodpulp

Rock phosphate, Potassium chloride and TSP



	Monthly averages				Quarterly averages					Annual averages		
	2014				2013		2014			2011	2012	2013
	Aug	Sep	Oct		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Dec	Jan-Dec	Jan-Dec
Energy												
Coal, Australia $/mt	68.9	65.9	63.9	↓	77.3	82.0	77.1	72.7	67.9	121.4	96.4	84.6
Coal, Colombia $/mt	68.8	65.5	64.0	↓	65.8	71.1	68.4	64.8	66.8	111.5	84.0	71.9
Coal, South Africa $/mt	71.2	67.9	65.7	↓	72.9	83.0	78.4	75.0	70.2	116.3	92.9	80.2
Crude oil, average $/bbl	100.1	95.9	86.1	↓	107.4	104.5	103.7	106.3	100.4	104.0	105.0	104.1
Crude oil, Brent $/bbl	101.9	97.3	87.3	↓	110.1	109.4	107.9	109.8	102.1	110.9	112.0	108.9
Crude oil, Dubai $/bbl	101.9	97.0	86.6	↓	106.2	106.7	104.4	106.1	101.5	106.0	108.9	105.4
Crude oil, WTI $/bbl	96.4	93.2	84.4	↓	105.8	97.4	98.7	103.1	97.5	95.1	94.2	97.9
Natural gas, Index 2010=100	101.3	103.2	104.3	↑	108.3	111.9	127.8	115.5	102.5	108.5	99.2	112.1
Natural gas, Europe $/mmbtu	9.1	9.2	9.8	↑	11.5	11.4	11.3	10.2	9.2	10.5	11.5	11.8
Natural gas, US $/mmbtu	3.9	3.9	3.8	↑	3.6	3.9	5.2	4.6	3.9	4.0	2.8	3.7
Natural gas, LNG Japan $/mmbtu	15.7	17.4	17.8	↑	15.6	15.7	16.7	16.4	16.1	14.7	16.6	16.0
Agriculture												
Beverages												
Cocoa $/kg	3.27	3.21	3.11	↓	2.47	2.77	2.95	3.08	3.23	2.98	2.39	2.44
Coffee, arabica $/kg	4.70	4.64	4.98	↑	2.98	2.77	3.82	4.67	4.56	5.98	4.11	3.08
Coffee, robusta $/kg	2.21	2.22	2.31	↑	2.04	1.85	2.12	2.26	2.22	2.41	2.27	2.08
Tea, average $/kg	2.79	2.64	2.65	↑	2.79	2.82	2.65	2.80	2.80	2.92	2.90	2.86
Tea, Colombo auctions $/kg	3.49	3.37	3.42	↑	3.37	3.77	3.72	3.60	3.45	3.26	3.06	3.45
Tea, Kolkata auctions $/kg	2.86	2.65	2.62	↓	2.76	2.56	1.94	2.81	2.93	2.78	2.75	2.73
Tea, Mombasa auctions $/kg	2.03	1.89	1.91	↑	2.23	2.14	2.29	1.98	2.01	2.72	2.88	2.40
Food												
Oils and Meals												
Coconut oil $/mt	1,172	1,181	1,144	↓	912	1,175	1,343	1,387	1,204	1,730	1,111	941
Copra $/mt	770	785	769	↓	603	791	896	923	805	1,157	741	627
Fishmeal $/mt	1,773	1,723	1,689	↓	1,699	1,600	1,583	1,693	1,767	1,537	1,558	1,747
Groundnuts $/mt	1,260	1,308	1,338	↑	1,380	1,370	1,329	1,224	1,276	2,086	2,175	1,378
Groundnut oil $/mt	1,350	1,360	1,365	↑	1,694	1,537	1,311	1,228	1,345	1,988	2,436	1,773
Palm oil $/mt	766	709	722	↑	827	897	911	887	772	1,125	999	857
Palmkernel oil $/mt	943	904	935	↑	871	1,057	1,278	1,262	988	1,648	1,110	897
Soybean meal $/mt	509	468	459	↓	552	570	582	566	493	398	524	545
Soybean oil $/mt	857	851	835	↓	1,006	991	977	967	865	1,299	1,226	1,057
Soybeans $/mt	460	432	424	↓	527	555	552	518	457	541	591	538
Grains												
Barley $/mt	134.6	123.5	124.6	↑	191.0	150.7	129.5	137.9	130.1	207.2	240.3	202.2
Maize $/mt	176.4	163.1	163.1	↔	241.9	199.4	209.9	214.0	174.1	291.7	298.4	259.4

	Monthly averages				Quarterly averages					Annual averages		
	2014				2013		2014			2011	2012	2013
	Aug	Sep	Oct		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Dec	Jan-Dec	Jan-Dec
Rice, Thailand 5% $/mt	445.0	432.0	429.0	↓	477.3	442.7	443.7	393.3	433.0	543.0	563.0	505.9
Rice, Thailand 25% $/mt	414.0	411.0	410.0	↓	435.7	408.9	375.0	351.3	400.0	506.0	543.8	473.0
Rice, Thailand A1 $/mt	460.6	449.9	437.8	↓	440.5	411.8	426.7	397.8	448.6	458.6	525.1	474.0
Rice, Vietnam 5% $/mt	442.6	442.1	437.0	↓	383.1	397.2	391.2	388.6	435.2	513.6	434.4	392.4
Sorghum $/mt	185.4	174.3	187.8	↑	219.2	202.1	224.2	219.4	184.3	268.7	271.9	243.3
Wheat, US HRW $/mt	263.4	243.7	245.4	↑	305.8	308.0	297.1	322.1	262.5	316.3	313.2	312.2
Wheat, US SRW $/mt	220.4	202.8	220.1	↑	257.7	276.4	264.0	263.7	213.8	285.9	295.4	276.7
Other Food												
Bananas, EU $/kg	0.99	0.97	1.01	↑	0.98	0.94	1.05	1.14	0.99	1.12	1.10	1.02
Bananas, US $/kg	0.96	0.92	0.92	↔	0.93	0.93	0.95	0.92	0.94	0.97	0.98	0.92
Meat, beef $/kg	5.72	6.00	5.90	↓	3.89	4.03	4.23	4.30	5.58	4.04	4.14	4.07
Meat, chicken $/kg	2.49	2.50	2.51	↑	2.34	2.31	2.31	2.40	2.49	1.93	2.08	2.29
Meat, sheep $/kg	6.43	6.28	6.19	↓	5.56	6.06	6.32	6.70	6.49	6.63	6.09	5.65
Oranges $/kg	0.77	0.77	0.73	↓	1.14	0.83	0.78	0.84	0.77	0.89	0.87	0.97
Shrimp, Mexico $/kg	18.08	18.08	16.04	↓	15.15	16.70	17.09	17.75	18.08	11.93	10.06	13.84
Sugar, EU domestic $/kg	0.43	0.42	0.41	↓	0.43	0.44	0.45	0.45	0.43	0.45	0.42	0.43
Sugar, US domestic $/kg	0.56	0.56	0.58	↑	0.45	0.46	0.47	0.55	0.56	0.84	0.64	0.45
Sugar, World $/kg	0.38	0.35	0.37	↑	0.38	0.39	0.37	0.40	0.38	0.57	0.47	0.39
Raw Materials												
Timber												
Logs, Cameroon $/cum	466.1	451.8	443.5	↓	464.1	476.5	479.6	480.0	464.0	484.8	451.4	463.5
Logs, Malaysia $/cum	289.2	277.6	275.6	↓	301.1	296.3	289.8	291.5	286.5	390.5	360.5	305.4
Plywood ¢/sheets	530.4	509.1	505.6	↓	552.3	543.6	531.5	534.7	525.5	607.5	610.3	560.2
Sawnwood, Cameroon $/cum	800.3	781.6	770.0	↓	743.8	776.0	792.9	806.5	800.0	825.8	759.3	749.2
Sawnwood, Malaysia $/cum	910.3	889.0	875.8	↓	846.0	882.7	901.9	917.3	910.0	939.4	876.3	852.8
Woodpulp $/mt	875.0	875.0	875.0	↔	830.9	858.7	870.2	887.5	875.0	899.6	762.8	823.1
Other Raw Materials												
Cotton, A Index $/kg	1.63	1.62	1.55	↓	2.02	1.92	2.07	2.04	1.70	3.33	1.97	1.99
Rubber, RSS3 $/kg	1.85	1.64	1.62	↓	2.59	2.53	2.25	2.12	1.84	4.82	3.38	2.79
Rubber, TSR20 $/kg	1.66	1.53	1.51	↓	2.35	2.31	1.98	1.73	1.63	4.52	3.16	2.52
Fertilizers												
DAP $/mt	505.0	481.6	466.5	↓	432.1	366.1	476.1	458.9	495.3	618.9	539.8	444.9
Phosphate rock $/mt	110.0	115.0	115.0	↔	143.2	110.0	104.4	110.0	111.7	184.9	185.9	148.1
Potassium chloride $/mt	287.0	287.0	287.0	↔	391.9	341.6	314.0	287.0	287.0	435.3	459.0	379.2
TSP $/mt	417.5	410.0	410.0	↔	366.0	301.3	365.9	369.2	413.0	538.3	462.0	382.1
Urea, E. Europe $/mt	321.9	325.6	321.1	↓	307.5	313.9	337.5	296.0	316.4	421.0	405.4	340.1
Metals and Minerals												
Aluminum $/mt	2,030	1,990	1,946	↓	1,783	1,767	1,709	1,800	1,990	2,401	2,023	1,847
Copper $/mt	7,002	6,872	6,737	↓	7,086	7,163	7,030	6,795	6,996	8,828	7,962	7,332
Iron ore $/dmt	93	82	81	↓	133	135	120	103	90	168	128	135
Lead $/mt	2,237	2,117	2,034	↓	2,102	2,114	2,101	2,097	2,182	2,401	2,065	2,140
Nickel $/mt	18,600	18,035	15,812	↓	13,956	13,909	14,661	18,468	18,584	22,910	17,548	15,032
Tin $/mt	22,231	21,091	19,830	↓	21,314	22,897	22,636	23,146	21,915	26,054	21,126	22,283
Zinc $/mt	2,327	2,295	2,277	↓	1,861	1,909	2,026	2,071	2,311	2,194	1,950	1,910
Precious Metals												
Gold $/toz	1,295	1,237	1,222	↓	1,329	1,271	1,293	1,289	1,281	1,569	1,670	1,411
Platinum $/toz	1,446	1,359	1,260	↓	1,451	1,396	1,427	1,446	1,433	1,719	1,551	1,487
Silver $/toz	19.7	18.4	17.2	↓	21.4	20.8	20.5	19.7	19.7	35.2	31.1	23.8

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

Cont'd..237

substantially reduced the levels of product-specific farm subsidies that EU producers receive.

"Blue box" support, for production-limiting farm payments, accounted for €3 billion, according to the notification. This support is still seen as trade-distorting, but as less damaging than amber box payments – where subsidies are directly linked to inputs or output levels, or provided as market price support.

Decoupled support still dominates

Decoupled income support payments continue to account for about half of all subsidies within the "green box" category, the new data from Brussels suggests.

The EU spent some €33 billion supporting farm incomes in this way, the report shows.

Within the green box, another €9 billion was allocated to general services, such as infrastructure spending, marketing services, pest and disease control, and research.

Other green box categories were also significant, however. Environmental programmes accounted for €8 billion, while another €7 billion was spent on investment aid.

Overall, support levels remained practically unchanged from the notification for spending in the previous year, the new data suggests.

US and Mexico to Settle Sugar Dumping Row

US and Mexican officials announced on Monday that they had reached draft deals that could – if finalised – resolve a contentious row between Washington and Mexico City over sugar trade.

The draft "suspension agreements," which have been initialled but not formally adopted, would halt two ongoing US investigations into whether Mexican producers have been selling sugar onto the US market at prices below their normal value– a practice known in trade jargon as dumping – and whether these producers have also received unfair state aid.

"The agreements should provide critical stability in a market that is important to both countries, while also ensuring that farmers and sugar refiners in the United States have an opportunity to compete on a level playing field," said Stefan Selig, US Under Secretary of Commerce for International Trade.

Mexico's Secretariat of the Economy similarly welcomed the move, noting that the deal will bring "certainty and stability" to its country's sugar and sweeteners market via ensuring continued preferential access for Mexican exports.

The US Commerce Department began its anti-dumping and countervailing duty investigations in April, in response to a late March request by the American Sugar Alliance, a US-based coalition of sugarcane and sugar beet producers. The industry group has suggested that these alleged practices have cost American producers over US$1 billion this year alone.

Under the North American Free Trade Agreement (NAFTA) – a 20-year-old deal that includes the US, Canada, and Mexico – sugar from Mexico benefits from duty-free, tariff-free export to the US. Exports of Mexican-produced sugar were worth US$1.1 billion last year, according to Commerce Department statistics.

Suspension agreements

The draft suspension agreement for the countervailing duties, Commerce says, features provisions that "ensure there is not an oversupply of Mexican sugar that could cause price declines that threaten the US industry and farmers."

What these provisions themselves would involve was not outlined in detail in their press statement, though US officials have said that there will be mechanisms put in place aimed at preventing imports from being concentrated at certain points during the year. There will also be limits on how much refined sugar can enter the US market.

In a statement of their own, Mexican officials explained that the quota established in the deal is based on a formula that guarantees that Mexico will continue to have preferential access to the US sugar market.

Final deals pending

The months-long saga is not formally over, however, with interested parties now being given until 10 November to provide their comments on the two proposed deals.

Should final versions of these suspension agreements then be signed – which must occur by 26 November at latest – any cash deposits that have been collected by US customs officials in the time since the preliminary determinations were issued must be refunded to importers.

If final deals are not signed, however, then the Commerce investigations will proceed, as will those under the US International Trade Commission (ITC). While Commerce focuses on whether there is evidence of illegal subsidies or dumping, the US ITC is tasked with determining whether such practices – if found – have caused material injury to domestic injury.

Affirmative determinations under both the Commerce Department and US ITC are required to impose final duties.

Customs Valuation Exchange Rates

17 October 2014		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	54.75	53.45
2	Bahrain Dinar	167.95	158.80
3	Canadian Dollar	55.30	54.05
4	Danish Kroner	10.75	10.45
5	EURO	79.90	78.00
6	Hong Kong Dollar	8.00	7.80
7	Kuwaiti Dinar	220.00	207.55
8	New Zealand Dollar	49.80	48.40
9	Norwegian Kroner	9.55	9.25
10	Pound Sterling	99.45	97.25
11	Singapore Dollar	48.95	47.90
12	South African Rand	5.70	5.40
13	South Arabian Riyal	16.90	15.95
14	Swedish Kroner	8.70	8.45
15	Swiss Franc	66.20	64.60
16	UAE Dirham	17.25	16.30
17	U.S. Dollar	62.05	61.05
Schedule II [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]			
1	Japanese Yen	58.70	57.30
2	Kenyan Shilling	71.25	67.05

(Source: Customs Notification 98(NT)/16.10.2014)

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