Postal Regn.No. DL(C)-01/1251/09-11
Licence to Post without Prepayment U(C)-30/09-11
RNI No. 42906/84

# WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 $2

**Vol. XXVII No 34 17-23 November 2010**

*Promoted by* Indian Institute of Foreign Trade, World Trade Centre, Academy of Business Studies

Annual subscription Rs 750

## G-20 Fails to Fix Asset Bubbles

### Asia-Pacific RTA in the Anvil

Leaders of the world's biggest economies ended four days of talks without taking decisive measures to address the global imbalances that have fueled asset bubbles and risk leading to a protectionist backlash.

Asia-Pacific leaders on 13 November 2010 in Japan pledged to take "concrete steps" toward creating a regional free-trade agreement without setting a target for achieving that goal. Their meeting followed the Nov. 11-12 Group of 20 summit in Seoul that "opposed protectionist trade actions" while failing to agree on a remedy for trade and investment distortions.

### Currency Blame Same

Officials went into the G-20 vowing to reduce global trade friction by agreeing to avoid weakening their currencies to boost exports. Once there, the U.S. and China took turns blaming the other's foreign exchange policy, with President Barack Obama calling the yuan "undervalued" and Chinese officials saying the Federal Reserve's monetary easing was undermining the dollar.

### US looks for markets

Obama flew home on 13 November after a 10-day trip aimed at supporting his goal of doubling exports in five years. He pressed Hu on allowing the yuan to strengthen during an 80-minute meeting on Nov. 11 as China's record $28 billion trade surplus with the U.S. in August heightened criticism its government maintains an unfair cap on the currency.

### China Rise 3% in Six Months

The yuan, also known as the renminbi, has risen about 3 percent against the dollar since June 19, when China scrapped its two-year peg. China has $2.65 trillion of foreign currency reserves, more than double any other country.

Obama told reporters after the G-20 that the Federal Reserve's plan to buy an additional $600 billion of Treasuries was designed to boost growth. He said a stronger economy would help the U.S. cut a budget deficit that reached $1.294 trillion in the fiscal year that ended Sept. 30, second only to the $1.415 trillion shortfall in 2009.

### Fixing Problems

The G-20 statement said emerging markets facing a surge of capital inflows can adopt regulatory steps to cope, offering them cover to limit currency swings and stem asset bubbles. Finance ministers from the G-20 will work next year on a set of so-called indicative guidelines designed to identify large economic imbalances and actions needed to fix them, the leaders said in a statement.

### APEC Meeting

Leaders of APEC's 21 economies, which account for more than 50 percent of the global economy and almost 45 percent of its trade, said the region "is recovering from the recent economic and financial crisis, but uncertainty remains." Echoing the G- 20 statement, the group called for greater currency flexibility and warned against volatile movement in the foreign exchange market that can disrupt economic growth.

## Development in G-20 Agenda – Indian PM Manmohan Singh

I would like to compliment the Korean presidency for the initiative it took to include development as an accepted item in the agenda of the G20. The G20 was borne at the time of a crisis and as such it has been preoccupied with the short term agenda of crisis management and global rebalancing. However, one of the biggest imbalances facing us the development imbalance and putting development on the G20 agenda fills an important gap.

The Seoul Development Consensus and the associated Multi- Year Action Plans which are before us provide a comprehensive agenda with timelines which we should pursue in all relevant fora in the months ahead.

I am particularly happy to endorse the focus on facilitating investment in national and regional infrastructure projects and the call for establishing a High Level Panel to recommend measures to mobilize private, semi-public and public resources for infrastructure investment and to review MDB policy in this area. Infrastructure is a critical constraint to rapid and inclusive growth in most emerging markets and we need to find innovative ways of meeting the enormous costs of infrastructure development. This should be made a major focus of the MDB agenda.

The emphasis on development of employable skills is also extremely important. We in India are giving high priority to skill development in our effort to provide access to quality jobs to the large numbers of new entrants' labour force.

This should be fully reflected in the next quotas review due to be completed by 2014.

In the end, I would like to say that the G20 was an apt response to an adverse situation that the world faced. A few years down the line, the world will ask as to what else did G 20 achieve other than averting a total breakdown due to the global financial crisis. Fortunately, through the dynamic leadership shown by the Korean Presidency the G20 has moved forward and arrived at a rich agenda of things to do. I would once again like to thank Korea for their tireless efforts. I am also confident that the G20 will be able to translate this agenda into tangible outcomes under the forthcoming presidency of France and I wish them success in our common endeavour."

## G-20 Says No to Govt Bail Outs of Banks

The next hurdle to bank reform is looming after U.S. President Barack Obama and other Group of 20 leaders endorsed the Basel Committee on Banking Supervision's new rules in South Korea last week.

Regulators worldwide, seeking to protect taxpayers from having to foot the bill for future bank bailouts and to cushion big lenders in times of stress, will now turn their attention to preventing the collapse of systemically important financial firms. Among the tools they're considering are capital instruments that would force investors in bank debt to bear the cost of a bailout by slashing the value of their bonds or converting them to equity in a crisis.

That doesn't sit well with buyers of senior bank bonds who prize the certainty they'll be repaid in full. The 201 members of Morgan Stanley Capital International's World Banks Index need investors to help refinance $3 trillion of bonds coming due by the end of next year.

### Merkel's Plea

The debate over whether bondholders should suffer when lenders fail was ratcheted up in Seoul last week, when German Chancellor Angela Merkel said that creditors should bear more of the cost of bailing out banks and nations.

During the financial crisis, bond investors in New York- based Lehman Brothers Holdings Inc. weren't bailed out, sending shock waves through the global financial system after the firm filed for bankruptcy in September 2008. Investors in the senior bonds of troubled European lenders have been paid the par value of their investments, apart from in Icelandic banks, according to an Oct. 15 note written by Morgan Stanley analysts including credit strategist Carlos Egea.

Wholesale funding – the funds that banks have to refinance with bond investors, commercial-paper buyers and other debt providers –accounted for 32 percent of European bank funding as of July, according to Egea. The precise scale of borrowing from bond investors isn't known because the information isn't disclosed by all banks, he said. U.S. lenders got 13 percent of their funding from wholesale markets as of July, most of which was made up of $1.7 trillion in bonds, Egea said.

### Ireland, Greece

Irish and Greek lenders, struggling to access bond markets, are financing themselves through the European Central Bank. Irish banks' borrowings from the ECB rose 7.3 percent in October to 130 billion euros ($177 billion) from a month before, according to Ireland's central bank. Greek banks' reliance on the ECB is declining, with lenders borrowing a total of 92.4 billion euros in October compared with 94.3 billion euros the previous month.

G-20 leaders endorsed Basel committee rules to triple the highest-quality capital banks need to hold, as well as liquidity requirements for how much cash and easily saleable assets they need to meet short-term and long-term liabilities. The committee, which is made up of central bankers and regulators from 27 nations, delayed implementation of the liquidity rules until 2015 at the earliest.

In addition to approving the Basel rules, leaders including Obama and Chinese President Hu Jintao said in a Nov. 12 statement that banks and other institutions whose collapse would damage the wider financial system should have "higher loss- absorbency capacity."

The Basel committee is working with the Financial Stability Board to develop additional capital standards for the largest banks that may include "bail-in debt," which requires bondholders to take a pre-set loss when a lender collapses.

### Swiss CoCos

The board, which the G-20 set up last year to find ways to rein in the world's largest financial institutions after the worst financial crisis since the Great Depression, said on Nov. 12 that it will identify which firms will be subject to stricter rules by the middle of next year and how much of an additional cushion they'll need by the end of 2011.

National regulators will be able to select from a menu of options, including straightforward capital surcharges, bail-in instruments and contingent capital, debt that automatically converts to stock under stressful conditions.

Swiss regulators proposed in October that the country's two largest banks, UBS AG and Credit Suisse Group AG, both based in Zurich, consider issuing contingent convertible bonds, or CoCos, debt that converts to equity when there's a triggering event such as a decline in an issuer's capital ratio or its stock falling to a pre-arranged price.

### 'Would You Invest?'

Banks transform the money they get from capital markets and depositors into loans they make to companies and households. Bond investors will make banks pay more to compensate them for the risks of contingent capital instruments.

**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 |
|---|---|---|---|---|---|---|---|---|---|
| 16-Nov-10 | 45.3350 | 45.4425 | 45.1950 | 45.4150 | 45.4150 | 754098 | 2638554 | 1196178.58 | 45.2200 |
| 15-Nov-10 | 45.0725 | 45.3625 | 45.0500 | 45.3300 | 45.3300 | 792830 | 3202643 | 1448761.98 | 45.1400 |
| 12-Nov-10 | 44.6300 | 45.0025 | 44.6150 | 44.9425 | 44.9425 | 778976 | 3385898 | 1518153.25 | 44.6400 |
| 11-Nov-10 | 44.4150 | 44.5000 | 44.4000 | 44.4600 | 44.4600 | 816319 | 1678469 | 745960.33 | 44.2500 |
| 10-Nov-10 | 44.6075 | 44.6500 | 44.4500 | 44.5225 | 44.5225 | 843632 | 2495517 | 1111586.19 | 44.3900 |

*[Source: NSE and RBI Website]*

## MAP in G-20 Meet for Financial Stability

**Mutual Assessment Process (MAP)**: Persistently large imbalances, assessed against indicative guidelines to be agreed by the Finance Ministers and Central Bank Governors, warrant an assessment of their nature and the root causes of impediments to adjustment as part of the MAP. Guidelines composed of a range of indicators would serve as a mechanism to facilitate timely identification of large imbalances that require preventive and corrective actions to be taken. Framework Working Group, with technical support from the IMF and other international organizations, will develop these indicative guidelines, with progress to be discussed by the Finance Ministers and Central Bank Governors in the first half of 2011. First such assessment, to be based on the above mentioned indicative guidelines, will be initiated and undertaken in due course under the French Presidency of G-20. *(The next G-20 meet will be France in 2011 – Ed)*

Financial Inclusion Action Plan, the Global Partnership for Financial Inclusion and a flexible SME Finance Framework, all of which will significantly contribute to improving access to financial services and expanding opportunities for poor households and small and medium enterprises.

### The end game in Doha must be completed

Strong commitment to direct negotiators to engage in across-the-board negotiations to promptly bring the Doha Development Round to a successful, ambitious, comprehensive, and balanced conclusion consistent with the mandate of the Doha Development Round and built on the progress already achieved. Year 2011 is a critical window of opportunity, albeit narrow, and that engagement among our representatives must

***Cont'd..382***

## Gum Karaya Export Shifted to Free List

*Subject:- Amendment in S.No.65, Chapter 13 of Schedule 2 of ITC(HS) Classification of Export & Import Items relating to export of Gum Karaya.*

10-Ntfn(RE)
15.11.2010
(DGFT)

In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) as amended, read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government hereby makes an amendment in respect of Sl. No. 65 { ITC(HS) Code 1301 90 16} regarding Gum Karaya in the Notification No. 16(RE-2008)/2004-09 dated 26.06.08.

**2. Existing entry**

| S.No | Tariff Item HS Code | Unit | Item Description | Export Policy | Nature of Restriction |
|---|---|---|---|---|---|
| 65 | 1301 90 16 | Kg. | Gum Karaya | STE | Export through the Tribal Cooperative Marketing Federation of India Limited (TRIFED), New Delhi. |

**3. Amended entry**

| S.No | Tariff Item HS Code | Unit | Item Description | Export Policy | Nature of Restriction |
|---|---|---|---|---|---|
| 65 | 1301 90 16 | Kg. | Gum Karaya | Free | Registration with Tribal Co-operative Marketing Federation of India Limited (TRIFED) or Shellac & Forest Products Export Promotion Council (SHEFEXIL), Kolkata. |

4. Effect of this amendment:-

(i) In column 5, the existing policy of export through a State Trading Enterprise (STE) is changed & export is now free.

(ii) In column 6, the earlier entry is deleted and a new entry is inserted to the effect that such exports need to be registered either with Tribal Co-operative Marketing Federation of India Limited (TRIFED), New Delhi or Shellac & Forest Products Export Promotion Council(SHEFEXIL), Kolkata.

## Amendments in Courier Handling of Cargo in Customs Areas Regulations, 2009

96-Cus(NT)
12.11.2010
(DoR)

In exercise of the powers conferred by sub-section (2) of section 141 read with section 157 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs hereby makes the following regulations further to amend the Handling of Cargo in Customs Areas Regulations, 2009, namely :-

1. (1) These regulations may be called the Handling of Cargo in Customs Areas Amendment Regulations, 2010.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Courier Handling of Cargo in Customs Areas Regulations, 2009, (herein after referred to as the said regulations),-

(a) for **regulation 5**, the following regulation shall be **substituted**, namely -

"**5. Conditions to be fulfilled by Customs Cargo Service provider –** The Customs Cargo Service provider for custody of imported goods or export goods and for handling of such goods in a customs area shall fulfill the following conditions, namely:-

(1) Provide the following to the satisfaction of the Commissioner of Customs, namely:

(i) Infrastructure, equipment and adequate manpower for loading, unloading, stacking, handling, stuffing and de-stuffing of containers, storage, dispatch and delivery of containers and cargo etc., including:-

(a) standard pavement for heavy duty equipment for use in the operational and stacking area;

(b) free of cost or rent fully furnished office accommodation for Customs, Customs Electronic Data Interchange (EDI) Service Centre, with required amenities and facilities and residential accommodation and transportation facilities for customs staff;

(c) premises for user agencies with basic amenities and facilities;

(d) storage facility, separately for imported, export and transshipment goods;

(e) gate complex with separate entry and exit;

(f) adequate parking space for vehicles;

(g) boundary wall;

(h) internal service roads;

(i) electronic weigh-bridge and other weighing and measuring devices;

(j) computerized system for location and accountal of goods, and processing of documents;

(k) adequate air-conditioned space and power back up, hardware, networking and other equipment for secure connectivity with the Customs Automated system; and for exchange of information between Customs Community partners;

(l) facilities for auction, including by e-auction, for disposal of uncleared, unclaimed or abandoned cargo;

(m) facilities for installation of scanning equipment;

(n) security and access control to prohibit unauthorized access into the premises, and

(o) such other facilities as the Commissioner of Customs may specify having regard to the custody and handling of imported or export goods in a customs area;

(ii) safe, secure and spacious premises for loading, unloading, handling and storing of the cargo for the projected capacity and for the examination and other operations as may be required in compliance with any law for the time being in force;

(iii) insurance for an amount equal to the average value of goods likely to be stored in the customs area based on the projected capacity, and for an amount as the Commissioner of Customs may specify having regard to the goods which have already been insured by the importers or exporters.

(2) Undertake to bear the cost of the Customs officers posted, at such customs area, on cost recovery basis, by the Commissioner and shall make payments at such rates and in the manner prescribed, unless specifically exempted by an order of the Government of India in the Ministry of Finance;

(3) Execute a bond equal to the average amount of duty involved on the imported goods and ten *per cent* of value of export goods likely to be stored in the customs area during a period of thirty days and furnish a bank guarantee or cash deposit equivalent to ten *per cent* of such duty:

Provided that the condition of furnishing of Bank guarantee or cash deposit shall not be applicable to ports notified under the Major Ports Act, 1962 (38 of 1963) or to the Central Government or State Governments or their undertakings;

(4) Execute a separate bond for an amount equal to ten percent of value of export goods with a bank guarantee for an amount equal to ten percent of the value of the bond, towards the export goods transported from the customs area to any other customs area for export or transshipment, as the case may be;

(5) Undertake to comply with the provisions and abide by all the provisions of the Act and the rules, regulations, notifications and orders issued thereunder

(6) Undertake to indemnify the Commissioner of Customs from any liability arising on account of damages caused or loss suffered on imported or export goods, due to accident, damage,

deterioration, destruction or any other unnatural cause during their receipt, storage, delivery, dispatch or otherwise handling.

(b) in **regulation 6**, in **sub-regulation (3)**, after the words "publish and display", the words "at prominent places including website or webpage of the Customs Cargo Service provider" shall be **inserted**.

*[F. No. 450/41/2010-Cus.IV (Pt.)]*

## Anti-dumping Duty Notification on Maleic Anhydride from China, Taiwan and Indonesia Rescinded

Ntfn 113
01.11.2010
(DoR)

In exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975), read with rules 18 and 20 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government hereby **rescinds** the notification of the Government of India in the Ministry of Finance (Department of Revenue), **No. 105/2008-Customs, dated the 18th September, 2008**, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 659(E), dated the 18th September, 2008, except as respects things done or omitted to be done before such rescission.

## Sodium Formaldehyde Sulphoxylate Anti-dumping Extended upto 21 June 2011

Ntfn 114
01.11.2010
(DoR)

Whereas, the designated authority vide notification Nc. 15/16/2009--DGAD, dated the 22nd June, 2010, published in the Gazette of India, Extraordi-nary, Part I, Section 1 dated the 22nd June, 2010, had initiated review in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (herein-after referred to as the said Customs Tariff Act) 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 Sodium Formaldehyde Sulphoxylate (SFS), falling under sub-heading 2831 10 20 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). originating in, or exported from, People's Republic of China imposed vide notification of the Government of India, in the Ministry of Finance (Department and oil of Revenue), No. 23/2006-Customs, dated the 6th March, 2006, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number ported G.S.R. 139(E), dated the 6th March, 2006, and had recommended for extension of leviablc anti-dumping duty, in terms of sub-section (5) of section 9A of the said Customs *valorem* Tariff Act;

Now, therefore, in exercise of the powers conferred by sub-sections (1) mission and (5) of section 9A of the said Customs Tariff 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 Tariff [ (Department of Revenue), No. **23/2006-Customs, dated the 6th March, 2006,** published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 139(E), dated the 6th March, 2006, namely :-

In the said notification, in **paragraph 2**, for the figures, letters and word "**10th day of November, 2010**, the figures, letters and word "**21st day of June, 2011**" shall be substituted.

## NOC Based Clearance for Leather, Bones, Hair and Other Animal Waste

*The following Public Notice was issued by the Commissioner of Customs (Import), Jawaharlal Nehru Customs House, Nhava Sheva on 12 November 2010*

115-PN
12.11.2010

The Quarantine Officer, Navi Mumbai vide letter No. 5-2 /10-AQ (NM) / 184, dtd. 13.10.2010 informed this office that some livestock products including horn, leather, hide, skin, wool, hair, animal feed (including aquatic feed and products) are entering into the country through Mumbai Airport, Seaports and ICDs of Western Region without the clearance / NOC of Animal Quarantine & Certification Service (WR), Navi Mumbai. It was requested that directions be issued to field authorities to refer all the consignments of Livestock Products to their Department.

2. Accordingly, directions were issued vide this office F.No. S/22-Gen-283/2010-AM(I) dated 25.10.2010 to ensure that all the consignment of livestock products are referred for Animal Quarantine Clearance / NOC to Animal Quarantine & Certificate Service, Navi Mumbai before clearance. Subsequently representations were received from the trade that all livestock products do not require sanitary import permit / NOC from the Animal Quararntine & Certification Service.

3. Accordingly the issue was examined. Your attention is invited to Notification No.S O.655(E) dated 07.072001 issued by the Department of Animal Husbandry and Dairying, Ministry of Agriculture, New Delhi which restricts the Import of all live-stock products, including meat and meat products of all kinds; egg and egg powder; milk and milk products; bovine, ovine and caprine embryos, ova or semen; pet food products of animal origin. The same were allowed to be imported only against a Sanitary Import Permit issued by the concerned ministry. Accordingly CBEC issued Circular No. 43/2001 -Cus dated 06.08.2001 communicating the same.

3.1The Department of Animal Husbandry and Dairying, Ministry of Agriculture, New Delhi vide Notification No. S.O.794(E) dated 28.03.2008 has amended Notification No. S.O. 655(E) dated 07.07.2001 providing import of certain category of items without Sanitary Import Permit but with NOC from Office incharge of the Animal Quarantine & Certification Services stations (as mentioned in (Annexure –A) and import of certain category of items without Sanitary Import Permit or NOC from concerned Quarantine authorities.(as mentioned in Annexure-B).

In addition, the following items have been included in paragraph (I) of the notification No. S.O. 655(E) dt. 7.7.2001as sub para (vi),(vii), (viii) & (ix).

vi) pig, hog, boor bristles and hair, badge hair, brush making hair , bones, horn cores, whale bone hair, horns, hooves, nails, claws and beaks, unworked or simply prepared(but not cut to shape)powder, and waste of these products:

vii) raw skins and other parts of birds, with their feathers or down, feathers and parts of feathers (whether or not trimmed edges)and down:

viii) raw hides and skins of bovine(including buffalo) or equine animals, sheep or lamb, other raw skins (skins of goats, swine), fresh or salted, dried, limed, pickled, or otherwise preserved, but not tanned, parchment-dressed or further prepared, whether or not de-haired or split with wool on or split and

ix) raw furskins (including heads, tails, paws and other pieces or cuttings, suitable for furriers use).

4. All Importers, Exporters, CHAs and members of the trade are requested to take note of the above and directed to follow the provisions of Notification No. SO 655(E) dated 7.7.2001 as amended by S.O.794(E) dated 28.03.2008 issued by the Department of Animal Husbandry and Dairying, Ministry of Agriculture, New Delhi, scruplously.

*F. No. S/22-Gen- 302 /2010 AM(I) JNCH.*

## Waste Paper Specs under Pollution Norms

*The following Public Notice was issued by the Commissioner of Customs (Import), Jawaharlal Nehru Customs House, Nhava Sheva on 10 November 2010*

113-PN 10.11.2010 Attention of all the Importers, CHA, Trade and all others concerned, is invited to Office Memorandum dated 11.05.2010 issued by Ministry of Environment and Forest (MOEF) vide F. No. 13-1/2004 HSMD, in supersession of the earlier O.M. of dated 10.02.2006.

2. The O.M dated 10.02.2006, issued by MOEF allows maximum of 8% of recyclable material in the consignment of imported waste paper.

3. Hazardous Waste Management Rule,2008 and subsequent amendments vide dated 21.07.2009 and 23.09.2009 prescribed for following requirements for import of waste paper:

a. Shipment Movement Documents i.e. Form-9

b. Registration of the importer with SPCB(State Pollution Control Board)

c. Pre-shipment Inspection Certificate (PSIC) by Inspection and Certification Agency approved by the DGFT. Such PSIC certifies the content of recyclable material in terms of O.M. date 10.02.2006.

4. The above provisions were given effect by Public Notice No. 37/2009 dated 19.06.2009 and Public Notice No. 75/2009 dated 07.10.2009, both issued by this Custom House .

5. The O.M. dated 11.05.2010, issued by MOEF revises the permissible limit of recyclable material for different types of waste paper as per which the revised limit of recyclable material in waste paper is as follows:

| Sr. No. | Grade | Limit(in percent) |
|---|---|---|
| 1. | Residential mixed paper | 2 |
| 2. | Soft mixed paper | 1 |
| 3. | Hard mixed paper | ½ |
| 4. | Boxboard cuttings | ½ |
| 5. | Mill wrappers | 1/2 |
| 6. | News | 1 |
| 7. | New, De-ink quality | None permitted |
| 8. | Special News, De-ink quality | None permitted |
| 9. | Over-issue news | None permitted |
| 10. | Magzines | 1 |
| 11 | Corrugated containers | 1 |
| 12 | Double sorted corrugated | ½ |
| 13 | New Double-Lined Kraft Corrugated Cuttings | None Permitted |
| 14 | Fibre Cores | 1 |
| 15 | Used brawn Kraft | None Permitted |
| 16 | Mixed Kraft Cuttings | None Permitted |
| 17 | Carrier Stock | None Permitted |
| 18 | New Colored Kraft | None Permitted |
| 19 | Grocery Bag Scrap | None Permitted |
| 20 | Kraft Multi-Wall Bag Scrap | None Permitted |
| 21 | New Brown Kraft Envelope Cuttings | None Permitted |
| 22 | Mixed Ground Wood Shavings | None Permitted |
| 23 | Telephone Directories | None Permitted |
| 24 | White Blank News | None Permitted |
| 26 | Ground Wood Computer Printout | None Permitted |
| 27 | Flyleaf Shavings | None Permitted |
| 28 | Coated Soft White | None Permitted |
| 29 | Hard White Shavings | None Permitted |
| 30 | Hard White Envelope Cuttings | None Permitted |
| 31 | New Colored Envelop Cutting | None Permitted |
| 32 | Semi Bleached Cuttings | None Permitted |
| 33 | Unsorted Office Paper | 2 |
| 34 | Sorted Office Paper | 1 |
| 35 | Manifold Colored Ledger | ½ |
| 36 | Sorted White Ledger | ½ |
| 37 | Manifold White Ledger | ½ |
| 38 | Computer Printout | None Permitted |
| 39 | Coated Book Stock | None Permitted |
| 40 | Coated Ground Wood Section | None Permitted |
| 41 | Printed Bleached Board Cuttings | ½ |
| 42 | Misprinted Bleached Board | 1 |
| 43 | Unprinted Bleached Board | None Permitted |
| 44 | Bleached Cup Stock | None Permitted |
| 45 | Printed Bleached Cup Stock | None Permitted |
| 46 | Unprinted Bleached Plate Stock | None Permitted |
| 47 | Printed Bleached Plate Stock Kinds | None Permitted |
| 48 | Specialty Grades( White waxed cup cuttings, Plastic coated cups, Printed waxed cup cuttings, polycoated bleached kraft-unprinted, polycoated bleached kraft-printed, polycoated milk cartoon stock, polycoated diaper stock, polycoated box board cuttings, waxed boxboard cuttings, Printed and/or unprinted bleached sulphate containing foil, Waxed corrugated cuttings, Wet strength corrugated cuttings, Asphalt laminated corrugated cuttings, Beer carton scrap, Contaminated bag scrap, Insoluable glued free sheet paper and/or board, White wet strength scarp, Brown wet strength scarp, Printed and/or coloured wet strength scarp, File stock, New Computer print out , Ruled white, Fly leaf shaving containing hot melt glue, Carbon mix, Book with covers, Unsorted Tabulating Cards, Carbonless treated ledger, Plastic windowed envelopes, Textile boxes, Printed TMP, Unprinted TMP, Manila Tabulating Cards, Sorted colored ledgers) | None Permitted |

Further, as per para (vii) of the O.M. dated 11.02.2010, there shall not be presence of putrefiable organic matter at all in the imported waste paper consignment.

6. Presently, Customs verifies the content of recyclable material by means of a Test Report or alternatively, pre-shipment inspection certificate issued by the inspection and Certification Agency approved by the DGFT in addition to Shipment Movement Documents i.e. Form-9 and Registration of the importer with SPCB(State Pollution Control Board).

7. Since, the MOEF has revised the content of recyclable materials in the import consignment of various types of waste papers, such pre-shipment certificates or test report should mention declaration/certification of content of recyclable materials in accordance with Office Memorandum dated 11.05.2010 issued by Ministry of Environment and Forest vide F. No. 13-1/2004-HSMD.

8. Further, as the said O.M. of dated 11.05.2010 stipulates that the content of waste paper must be verified by the Customs Authority in respect of each consignment imported into the country, therefore depending upon the track record of the importer, Customs will draw samples of 5-20 % of the containers in each consignment for testing by the MOEF recognized labs notified by the MOEF vide Notification dated 18.07.2007 as per Annexure-"A" before the clearance of the goods.

9. The Trade and the concerned associations are requested to take note of the above for necessary compliance.

***F. No. : S/26-Misc-144/2010 Gr. IIB***

## RNI Certificate for Newsprint Import at Concessional Duty

*The following Public Notice was issued by the Commissioner of Customs (Import), Jawaharlal Nehru Customs House, Nhava Sheva on 9 November 2010*

114-PN 09.11.2010 Attention of the trade, importers and others concerned is invited to the import of Newsprint which is restricted as per the provisions of Foreign Trade Policy. The import of newsprint is allowed subject to verification of valid RNI registration certificate. The importer is also required to submit the RNI certificate showing the quantity of newsprint to be imported by them during the subject year. The validity of all such certificate showing the quantity quota expires on 31st March, of every year. In all such cases where the quota has expired, the importer applies for renewal of their quota allocation for the subsequent period to the Registrar of News Papers for India, which takes some time for renewal. In such cases, Bills of Entry are assessed provisionally under PD Bond, subject to the condition of submission of the certificate issued by the RNI after renewal, for allotted quota/quantity. On production of valid RNI certificate, Bills of Entry are assessed finally. Since, RNI certificate is allotted for specific quantity on annual basis, the total quantity of imports made during the year should be accounted for against the quota of Newsprint allotted for the year.. Further the RNI Certificate also requires report of utilization of the imported newsprint to the concerned Commissioner of Customs, directly. In view of the above, debiting of import quantity against quota license is required.

Therefore, the importers of Newsprint are required to produce before the Assessing Group their RNI certificate showing their authorized quantity allocation for import in original for debiting / endorsing the quantity of each import, so as to maintain a record of all such imports for final tally with the allotted import quantity.

In case of RMS facilitated Bills of Entry, the importers of Newsprint are required to produce before the Out of Charge Officer their RNI certificate showing their authorized quantity allocation for import in original for debiting / endorsing the quantity of each import.

*F. No. S/26-Misc-07/10 Gr. II B*

## Clarifications on Operational Issues to IT SEZs Policy

*Subject: clarification on various Policy and operational issues relating to IT SEZs.*

70-SEZ
09.11.2010

Please find enclosed a copy of clarifications/ decisions taken in a meeting chaired by AS(DKM) about various policy and operational issues concerning IT SEZs, for compliance.

### Minutes of the meeting held on 2.11.2010 at 1230 Hrs with STPI Directors regarding issues relating to IT SEZs

A meeting was held under the Chairmanship of Shri D.K. Mittal, Additional Secretary with STPI Directors to discuss the various policy and operational issues relating to IT SEZs.

A brief record of the discussion held and decisions taken has been summed up below:-

### 1. Shifting of units to SEZ

(i) The provisions of SEZ Act, 2005 and Rules framed thereunder do not prohibit transfer of used capital goods or businesses from existing DTA or STPI unit to SEZ. The only deterrent for transfer of such capital goods or businesses is not getting the exemption under Income Tax Act when the value of used capital goods exceeds the 20% of the total capital goods and in respect of businesses no exemption can be availed while the Development Commissioners will be intimated about the transfer of goods/businesses, the final decision regarding the IT exemption will lie with the Income Tax Department. The ratio 80:20 of new:used capital goods shall be reckoned on the date the unit starts to produce goods or services.

(ii) There is no limitation on the transfer of manpower to the SEZ units.

(iii) In respect of the IT companies which operate Master Contracts and which have units in STPIs and DTA etc. and which farm out the subcontract to their various units, they must have an individual and distinct sub-contract in respect of each of its SEZ Units.

(iv) The spirit of the SEZ Act & Rules is that the investment for infrastructure development in the SEZ has to be new. The transfer of used goods/business is only with respect to the SEZ Units.

### 2. DTA sale by IT SEZ Unit

In the SEZ scheme, there is neither an export obligation on a unit nor there is ban on DTA sale. However, they must achieve NFE positive earnings within five years of the commencement of the commercial operations failing which action may be taken as per the provisions of relevant rules and instructions.

### 3. Shifting of Unit from one SEZ to another

Instructions in this regard have already been issued vide letter No. C-4/2/2010-SEZ dated 18.6.2010 (Instruction No. 59) which provides that there is no objection in-principle to the shifting the unit from one SEZ to another. However, all such proposals are required to be placed before the Board of Approval for its consideration.

### 4. Broad banding of IT/ITES SEZs to include Hardware also

While the Letter of Approval being issued to IT/ ITES SEZs has been broad banded to include electronic hardware also and further manufacturing/assembling of, electronic equipments must also be allowed in such SEZs. Further Hardware units may require production of components and the same must be allowed.

### 5. Testing laboratory for tyres in IT SEZ set up by L&T

It was decided that setting up of a unit for testing of tyres in an IT SEZs may not be allowed as the process may involve setting up separate facility totally unrelated to IT and would require measures to check pollution also. Therefore, they may be asked to undertake the physical testing activity outside the SEZ while the test data can be processed in the SEZ unit.

### 6. SEZ online project

About the SEZ online software being developed by M/s. NSDL, it was stated that the agency has agreed to post their one executive each with all the seven Zonal DCs. Services of these executives can be utilised by all DCs including STPI Directors to address the day to day problems faced in operating the software developed by M/s. NSDL. The suggestion of STPI Directors to arrange hand holding for customs staff of the zone was also accepted.

*F. No. 12/4/2010-SEZ*

## Guidelines to Regulate Used Plastics and Textile Materials in SEZ Units

*Subject: Guidelines to regulate functioning of plastics/Used clothing units in SEZs*

69-SEZ
04.11.2010

In terms of the Rule 18(4) of the SEZ Rules, 2006, extension of Letter of Approval of an existing unit for recycling plastic scrap and waste, enhancement of the approved import quantum of plastic waste and scrap beyond of annual average import quantum of the unit and reprocessing of garments and used clothing or secondary textiles material and other -recyclable textiles material is required to be decided by the Board of Approval. Instances have come to the notice of this Department that some of the plastics/used clothing units, instead of exporting the product, supply it into .DTA and achieve NFE positive status by exporting unrelated products by way of broad banding of the LOA.

2. In order to check the aforesaid irregularities in plastics/used clothing 'units in SEZs, it has been decided to issue the following instructions:-

(i) Board banding and splitting of license for setting up of sub-units shall not be allowed. All transactions of a unit shall be regulated through a single bank account.a

(ii) No third party exports shall be allowed by such units.

(iii) 100% inspection of the consignment of used clothing sales to DTA shall be undertaken at the Gate of the SEZ and not at the premises of the unit.

(iv) All units must set up facilities to make products out of used clothing/plastic waste. This needs to be done by 31.3.2011.

3. This will apply to all existing units.

*F.No. D.6/29/2010-SEZ*

***Cont'd..378***

intensify and expand. Once such an outcome is reached, we commit to seek ratification, where necessary, in our respective systems. We are also committed to resisting all forms of protectionist measures.

We will continue to monitor and assess ongoing implementation of the commitments made today and in the past in a transparent and objective way. We hold ourselves accountable. What we promise, we will deliver.

## Tariff Value on Brass Scrap Hiked by US$ 47/MT

### Poppy Seeds Tariff Value Up by US$ 310/MT

97-Cus(NT) 15.11.2010 (DoR) In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Board, being satisfied that it is necessary and expedient so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Cus (N. T.), dated, the 3rd August 2001, namely: -

In the said notification, for the Table, the following Table shall be substituted namely:-

**Table**

| 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 | 447 (i.e. no change) |
| 2 | 1511 90 10 | RBD Palm Oil | 476 (i.e. no change) |
| 3 | 1511 90 90 | Others – Palm Oil | 462 (i.e. no change) |
| 4 | 1511 10 00 | Crude Palmolein | 481 (i.e. no change) |
| 5 | 1511 90 20 | RBD Palmolein | 484 (i.e. no change) |
| 6 | 1511 90 90 | Others – Palmolein | 483 (i.e. no change) |
| 7 | 1507 10 00 | Crude Soyabean Oil | 580 (i.e. no change) |
| 8 | 7404 00 22 | Brass Scrap (all grades) | **4241** |
| 9 | 1207 91 00 | Poppy seeds | **3061** |

*[F. No. 467/4/2010-Cus.V]*

## Declaraton of Registered Office Address of Manufacturer not Necessary on Packages

*Ministry of Consumer Affairs, Food and Public Distribution, (Department of Consumer Affairs) Notification dated 30 September 2010*

*[File No. WM-9(02)/2008]*

G.S.R. 793(E).- In exercise of the powers conferred by section 83 of the Standards of Weights and Measures Act, 1976 (60 of 1976), the Central Government hereby makes the following further amendment in the Standards of Weights and Measures (Packaged Commodities) Rules, 1977, as amended by the Standards of Weights and Measures (Packaged Commodities) Amendment Rules, 2009 (vide number GSR 632 (E), dated the 2nd September, 2009) namely:-

In the said rules, in **rule 10**, in sub-rule (1), in the Explanation, the words "the registered office of the manufacturer is situated of", shall be omitted with effect from 1st day of December, 2010.

## Customs Valuation Exchange Rates

| November 2010 | | Imports | Exports | |
|---|---|---|---|---|
| **Schedule I** | | | | |
| 1 | Australian Dollar | 44.70 | 43.45 | Rate of exchange of one unit of foreign currency equipment to Indian Rupees |
| 2 | Canadian Dollar | 44.25 | 42.95 | |
| 3 | Danish Kroner | 8.50 | 8.15 | |
| 4 | EURO | 63.00 | 61.15 | |
| 5 | Hong Kong Dollar | 5.80 | 5.65 | |
| 6 | Norwegian Kroner | 7.85 | 7.55 | |
| 7 | Pound Sterling | 70.95 | 69.00 | |
| 8 | Swedish Kroner | 6.90 | 6.65 | |
| 9 | Swiss Franc | 46.45 | 45.15 | |
| 10 | Singapore Dollar | 34.80 | 33.90 | |
| 11 | U.S. Dollar | 44.90 | 44.00 | |
| **Schedule II** | | | | Rate of exchange of 100 units of foreign currency equivalent to Indian rupees |
| 1 | Japanese Yen | 55.85 | 54.15 | |

*(Source: Customs Notification 91(NT)/27.10.2010)*

## China Cuts Export Quota of Rare Earth by 74%

### Prices Rise Seven Fold, Japan in Squeeze

China, the world's largest producer of rare-earth metals, will speed up exports of the minerals after delays disrupted supply, according to Japan's Trade Minister Akihiro Ohata.

Rare-earth prices have surged as much as sevenfold after China in July reduced its second-half export quota by 72 percent to ensure domestic supply of the minerals, used by companies including Toyota Motor Corp. and Vestas Wind Systems A/S., the world's largest wind turbine maker.

Zhang, head of China's National Development and Reform Commission, said the country has about one-third of the world's rare-earth deposits, yet ships about 97 percent of global supply, risking depletion of its reserves in 10 to 15 years. China's customs' officials have ramped up export inspections to reduce smuggling, which siphons off 20 percent to 30 percent of output, the Chinese Society of Rare Earths said last week.

China's Ministry of Commerce in September denied imposing a ban on exports to Japan, the world's biggest user of rare earth metals. Calls to the ministry's media enquiry's number today were not immediately answered. For the full-year, China cut the export quota by 40 percent to 30,258 tons, said Chen Zhanheng, the head of research at the Chinese Society of Rare Earths.

The potential shortage of rare earths from China prompted companies including Greenwood, Colorado-based Molycorp Inc. to announce plans to restart and develop mines to make up the supply shortfall. German Chancellor Angela Merkel called for expanded production in Eastern Europe and Central Asia as an alternative supply.

#### Tanks and Radars

In addition to hybrid vehicles and wind turbines, rare- earth metals are used in Lockheed Martin Corp. radars and General Dynamics Corp. tanks. The term rare earth applies to a group of 17 chemically similar metal elements including cerium, lanthanum and neodymium.

China plans to set up strategic reserves for 10 metals including rare earths, according to a report by the Ministry of Land and Resources' newspaper posted on the department's website today. The 10 metals include rare earths, tungsten, antimony, molybdenum, indium, germanium, gallium, tantalum, zirconium and tin, according to the report.

Japan's stockpiles of rare earths may run out as early as March. The disruption of shipments to Japan came around the same time that a Chinese fishing boat collided with two Japanese Coast Guard vessels near islands claimed by both sides in the South China Sea, leading to speculation that China was reducing exports in retaliation.

## EU FTA with India, Mercosur FTA will Boost GDP by 1% says Study

The European Commission on Tuesday set out a blueprint for an EU trade strategy that would help boost growth and job creation in Europe.

The Commission says that concluding agreements in the Doha Round negotiations and the ongoing bilateral FTA talks with major trading partners such as India and Mercosur would boost the EU's GDP by more than 1 percent per year. For other, "strategic," partners, such as the US, China, Russia, and Japan, it stops short of calling for full-fledged FTAs, but instead calls for joint action to tackle non-tariff barriers. industries. The report estimates that removing only half the non-tariff barriers from trade with the US would boost the EU's GDP by 0.5 percent. Russia and China are singled out for a cautious approach on the grounds that both countries pursue policies based on "state capitalism."

On energy trade, the Commission says that it will pursue free transit and a diversified supply base for the EU. On resource trade, it calls for disciplines and a monitoring mechanism on the use of export restrictions.

Also figuring in the strategy is a heightened focus on impact assessments, including on the potential domestic social impacts of new trade initiatives.

## China Gets First Orders for Passenger Craft s

### Plans to Pull Airbus Down to 3rd Slot

Commercial Aircraft Corp. of China announced its first 100 C919 passenger-plane orders, breaking Airbus SAS and Boeing Co.'s stranglehold on the world's second- largest market for new aircraft.

General Electric Co.'s leasing arm and China's big three domestic airlines are among the customers for the narrowbody plane, state-controlled Comac said in a statement issued at the Zhuhai air show in southern China on 16 November. It didn't say how many aircraft each customer ordered.

Comac has a full-sized model of the front section of the plane on display at the show as it challenges Boeing and Airbus's grip on a domestic plane market that could be worth $480 billion through 2029, according to Boeing. The Chinese planemaker expects to sell more than 2,000 C919s worldwide over 20 years competing against Boeing and Airbus's most popular jets.

"The aircraft is of national importance," said Harry Chen, a Shenzhen-based analyst at Guotai Junan Securities Co. "But, as it's only on the drawing board so far, we still have to see how fuel-efficient and less expensive it really is."

The C919's Chinese customers include Air China Ltd., China Southern Airlines Co., China Eastern Airlines Corp., HNA Group Co. and CDB Leasing Co., according to the statement. The model, which has 166 seats in its standard version, competes with Boeing's 737 and the Airbus A320.

### GECAS Order

GE Capital Aviation Services Ltd., the world's largest plane lessor, also announced an order for as many as 25 China- made ARJ21 regional aircraft at the last Zhuhai air show in 2008, as GE seeks to boost sales in the world's fastest growing major economy. The 70-seat ARJ21, China's first regional jet, is due to make its maiden exhibition flight at this week's show.

China first announced plans for the C919 in 2008 to help develop a globally competitive aerospace industry and pare its reliance on imports. The nation will trail only the U.S. in plane orders over the next 20 years, according to Boeing.

Comac is working with overseas suppliers on the C919, including CFM International Inc., a venture between General Electric Co. and Safran SA that has won a $10 billion engine contract. Other suppliers include Honeywell International Inc., United Technologies Corp. and Parker Hannifin Corp.

China's economic growth has stoked demand for aircraft and boosted its importance in the global aviation market. Air China, China Southern and China Eastern are all among the world's four largest carriers by market value. China Southern is Asia's biggest by passenger numbers.

### Airbus Order

The nation is due to receive 112 aircraft from Airbus this year, or 22 percent of the Toulouse, France-based planemaker's total production, Ascend said this month. It will take 71 planes from Boeing, or 15 percent of output, according to the London- based aviation data company.

Airbus this month announced an order for 102 planes from China, including 50 A320s. The planemaker will assemble half of the single-aisle planes at a plant in Tianjin, China, its only production line outside of Europe. Chicago-based Boeing has won 737 orders this year from Air China, Okay Airways Co. and China Southern's Xiamen Airlines.

### Bombardier, Embraer

Boeing and Airbus also face other new competitors in the single-aisle segment, the largest part of the global plane market. Bombardier Inc. is due to begin deliveries of its CSeries planes, which sit up to 149 passengers, in 2013. Empresa Brasileira de Aeronautica SA, known as Embraer, has also said that it's considering plans to build a similar-sized aircraft.

China had 1,259 commercial aircraft at the end of 2008, according to the nation's aviation regulator. In 1980, it had a fleet of about 140 commercial planes, mostly seating less than 50 passengers, under the management of the air force.

The country may need 4,330 new large passenger planes through 2029, as rising incomes and economic growth boost air travel, according to Boeing. China's airline passenger numbers rose 18 percent from a year earlier in the first nine months to 200.7 million, according to the Civil Aviation Administration of China.

The global single-aisle jet market may be worth $1.68 trillion over 20 years, according to estimates by Boeing.

## News Briefs

**Three Reasons Global Talks Hit Dead End: Mohamed A. El-Erian**: "Obama's Economic View Is Rejected on World Stage," the New York Times declared on its front page. The Financial Times' headline was "G-20 Shuns U.S. on Trade and Currencies," while the Wall Street Journal proclaimed "U.S. Gets Rebuffed at Divided Summit." In short, the media's reporting on the Group of 20 summit in Seoul was brutal.

**Euro Dominos Will Fall Until Currency Is Split: Matthew Lynn**: Who's next? First Greece went bust. Now Ireland is on the brink of a bailout from the European Union and the International Monetary Fund.

### WORLD TRADE SCANNER



### BIG's WEEKLY INDEX OF CHANGES

#### Foreign Trade Policy



#### Customs



Owned, Edited, Published and Printed by Arun Goyal and Printed at Mercury Printers, 602 Choori Walan, Delhi
Published from 24/4866, Sheeltara House, Ansari Road, New Delhi 110002. (INDIA) Phone: 2328 1314, 3018 3435-37; Fax: 3018 3438
Email: academy@vsnl.in, academy.delhi@gmail.com; Website: worldtradescanner.com