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20 Years Banana War Ends as EU Lowers Tariff by 30% in Next Five Years

Fall in Differential between Low Duty Former Colonies and MNC Based Caribbean Producers Seen

The European Union and 10 Latin American countries signed an agreement on 8 November 2012 settling the longest-running series of disputes in the history of the multilateral trading system.

Mr Lamy distributed to the countries concerned legally certified copies of the EU's revised commitments replacing, with tariffs only, a complicated and WTO-illegal banana import regime. These banana import tariffs decline annually to 114 euros per tonne. The EU's revised commitments include the 2009 Geneva Banana Agreement. The WTO is the depository of these revised commitments, which have now been accepted by the WTO's membership.

Dispute Settlement Body chairperson Shahid Bashir, who is Pakistan's ambassador, presided when the EU and the 10 Latin American countries signed a "mutually agreed solution", officially closing the legal disputes over bananas (cases DS16, DS27, DS105, DS158, DS361 and DS364) between the EU and Latin American countries

One positive feature of the disputes is that they have provided a "rich source of jurisprudence" on WTO law, he said.

The deal

The Latin American countries present were: Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Venezuela and Peru (which did not sign the mutually agreed solution because it was not directly involved in the disputes but participated in some key negotiations. Some had brought legal dispute cases against the EU, others were involved in other issues, including negotiating the EU's new commitments to take into account its enlargements to include new members.

The Geneva Banana Agreement was agreed by the EU, the Latin American countries and the US in December 2009.

Since then a number of legal steps were required, including each country ratifying the 2009 agreement and the EU introducing legislation and regulations to implement it. Having been accepted by the WTO's membership as part the EU's new commitment, it is now multilateral.

The new EU commitments were circulated on 27 July 2012 as a revision to the EU's list (officially its "schedule") of commitments. WTO members were then given three months under WTO regulations to object. Since there were no objections, the director-general certified the "schedule" at the end of October. The agreed maximum tariff rates are:

- 15 December 2009–31 December 2010 — 148 €/tonne
- 1 January 2011 — 143 €/tonne
- 1 January 2012 — 136 €/tonne
- 1 January 2013 — 132 €/tonne
- 1 January 2014 — 127 €/tonne
- 1 January 2015 — 122 €/tonne
- 1 January 2016 — 117 €/tonne
- 1 January 2017 — 114 €/tonne

If there is no agreement on a framework deal (or "modalities") in the Doha Round agriculture negotiations by 31 December 2013, these annual tariff cuts for the remaining years can be delayed by up to two years.

US "Fiscal Cliff" in $600bn Tax Hike and Spending Cuts Ahead

The difficulties facing the eurozone, while a prominent topic at this week's gathering, were matched by concerns over the possibility that the US might face a "fiscal cliff" should Washington lawmakers not act in time to prevent US$600 billion in automatic tax hikes and spending cuts that many fear could push the US economy back into recession. If not prevented, the measures would take effect from 1 January of the coming year.

Speaking just days ahead of the US election, officials at the G-20 meeting at Mexico City on 4-5 November acknowledged that whoever won the White House would have to act immediately to prevent the "fiscal cliff" fears from becoming reality.

EU Limits Shipping Fuel Pollution

European environment ministers agreed last week on strict new pollution limits on the sulphur content of shipping fuels, following similar moves in the US and Canada. The strictest limits are set to apply to the Baltic and North seas, as well as the English Channel - so-called sulphur dioxide "Emission Control Areas" - which experience particularly high volumes of shipping.

The new sulphur limit for marine fuels will be lowered to 0.5 percent for all ships, down from the present 3.5 percent for cargo ships and 1.5 percent for passenger ships. This will be phased in starting from January 2015, and will apply to all ships in EU waters by 2020. The even lower limit of 0.1 percent will apply in the Emission Control Areas. The limits had initially been agreed by the European Council and European Parliament in May this year.

Ships can either switch from "bunker fuels" - traditional shipping fuel that is highly polluting - to low sulphur fuels, or they could be allowed to use bunker fuel on ships equipped with modern filtering technologies, such as wet scrubbers. Non-complying ships will face fines set high enough to cancel out any cost savings from non-compliance.

At least one study estimates that the fuel switch could increase costs by some 60 to 90 percent.

Additionally, the cost could be passed on to consumers of final or intermediate goods. With more than 90 percent of global trade being transported by sea, the impact on trade could be significant.

In the lead-up to the new limits, the Finnish forest products and pulp and paper industries had raised particular concern due to their heavy reliance on transport on the Baltic sea to reach export markets. Polish industries had raised similar questions.

The EU is set to review its overall air quality legislation next year in order to set its limits closer to those recommended by the World Health Organization.

Environmental groups respond

Environmental groups, for their part, welcomed the new rules. "The EU has now sent a clear signal that it wants cleaner fuels earlier rather than later while still leaving a very generous eight years for the industry to adapt," commented European Environmental Bureau Policy Officer on Air Pollution Louise Duprez.

"Shipping air pollution causes 50,000 premature deaths in Europe every year so this reduction will bring clear benefits to people's health, quality of life and environment, as well as leading to important public health savings," she added.

Dollar Import Up by 7.47% in Oct 2012, Export Fall 1.6%

Exports (including re-exports)

India's exports during October, 2012 were valued at US $ 23246.91 million (Rs. 123264.20 crore) which was 1.63 per cent lower in Dollar terms (5.89 per cent higher in Rupee terms) than the level of US $ 23632.02 million (Rs. 116406.37 crore) during October, 2011. Cumulative value of exports for the period April-October 2012 -13 was US $ 166922.57 million (Rs 908340.19 crore) as against US $ 177915.69 million (Rs 814708.35 crore) registering a negative growth of 6.18 per cent in Dollar terms and growth of 11.49 per cent in Rupee terms over the same period last year.

Imports

India's imports during October, 2012 were valued at US $ 44208.35 million (Rs.234409.93 crore) representing a growth of 7.37 per cent in Dollar terms and 15.58 per cent in Rupee terms over the level of imports valued at US $ 41175.06 million (Rs. 202819.70 crore) in October, 2011. Cumulative value of imports for the period April-October, 2012-13 was US 277135.48 million (Rs. 1507202.58 crore) as against US $ 284721.27 million (Rs. 1304631.60 crore) registering a negative growth of 2.66 per cent in Dollar terms and growth of 15.53 per cent in Rupee terms over the same period last year.

Crude Oil and Non-Oil Imports

Oil imports during October, 2012 were valued at US $ 14785.3 million which was 31.61 per cent higher than oil imports valued at US $ 11234.3 million in the corresponding period last year. Oil imports during April-October, 2012-13 were valued at US$ 95569.0 million which was 9.99 per cent higher than the oil imports of US $ 86887.7 million in the corresponding period last year.

Non-oil imports during October, 2012 were estimated at US $ 29423.1 million which was 1.73 per cent lower than non-oil imports of US $ 29940.8 million in October, 2011. Non-oil imports during April - October, 2012-13 were valued at US$ 181566.5 million which was 8.22 per cent lower than the level of such imports valued at US$ 197833.6 million in April - October, 2011-12.

Trade Balance

The trade deficit for April - October, 2012-13 was estimated at US $ 110212.91 million which was higher than the deficit of US $ 106805.58 million during April -October, 2011-12.

Exports & Imports: (US $ Million)

(Provisional)

	October	April-October
Exports (including re-exports)		
2011-12	23632.02	177915.69
2012-13	23246.91	166922.57
%Growth2012-13/ 2011-2012	-1.63	-6.18
Imports		
2011-12	41175.06	284721.27
2012-13	44208.35	277135.48
%Growth2012-13/ 2011-2012	7.37	-2.66
Trade Balance		
2011-12	-17543.04	-106805.58
2012-13	-20961.44	-110212.91

[Ref: Press Note of Dept. of Commerce, Ministry of Commerce & Industry dated 12 November 2012]

Dear Reader:

The Weekly Index of Changes with World Trade Scanner Issue No. 35 is a combined issue, i.e., Issue No. 34 and 35 dated 14 November 2012 to 27 November 2012.

Editor

China on Anti-dumping Spree, EU and US Chemicals in Hit List

China will implement anti-dumping measures against precursor chemical toluene di-isocyanate imported from Europe and has begun a separate investigation of other chemical imports from Europe and the United States, the government said on Wednesday.

The measures come a few days after Commerce Minister Chen Deming told reporters that, while he does not seek a trade war, he will act to protect the interests of Chinese firms in solar and other industries.

The Ministry of Commerce said in a statement on its website the anti-dumping investigation of glycol and diethylene glycol - a widely used solvent - will last until Feb. 18.

It did not specify the temporary measures it would take against the imported toluene di-isocyanate, an organic compound used to make plastics and rubber.

Trade relations between China and the European Union have been strained due to the imposition of a string of anti-dumping tariffs.

Last week, Beijing slapped five-year anti-dumping tariffs on imports of stainless steel tubes used in the oil and gas industry from the EU and Japan.

China-Japan-Korea Trade Talks Delayed on Island Spat

With the row between Beijing and Tokyo over a group of contested islands showing little prospect of resolution in the short-term, an increasing number of officials and experts are predicting that free trade discussions between China, Japan, and South Korea will have to wait until at least next year.

Optimism over a possible trilateral FTA was replaced months ago by worry as to whether China and Japan would be able to overlook a heated political stalemate in the interest of increasing trade between the three Asian economic powers.

Disagreements between Tokyo and Beijing over the islands, known as Diaoyu in China and Senkaku in Japan, has have long since crossed into the economic arena, already affecting trade between the two nations. Despite urging from Seoul that both parties put aside their territory-based arguments and come to the negotiating table, progress on free trade talks has been stagnant since the island dispute ramped up earlier this year.

Launch of talks at upcoming ASEAN summit unlikely

Most recently, many had looked to this week's Asia-Europe Meeting (ASEM) as an opportunity for the bickering nations to reconcile. However, in a telling move, Japanese Prime Minister Yoshihiko Noda and Chinese Premier Wen Jiabao failed to hold their customary ASEM bilateral talks at the meeting, which began in Laos on Monday.

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WEEKLY INDEX OF CHANGES

Textiles, Machinery, Motor Vehicles, Electronics, Semi Precious Stones Allowed in Burma Border Trade

Subject: Indo–Myanmar Border Trade.

30-PN(RE) 16.11.2012 (DGFT) In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy, 2009-14 and in supersession of Public Notice No. 289(PN)/92-97 dated 10th April, 1995 and Public Notice No. 106(RE-2008)/ 2004-2009 dated 7th November, 2008, the Director General of Foreign Trade hereby makes the following arrangements with a view to promote Indo-Myanmar Border Trade:

2. In terms of the provisions contained in the Foreign Trade Policy, import/export of the following commodities/items is permitted by the people living along both sides of the Indo Myanmar Border as per the prevailing customary practice:

I. 22 commodities/items notified by Public Notice No. 289(PN)/92-97 dated 10th April, 1995:

1. Bamboo, 2. Betal Nuts and Leaves, 3. Chillies, 4. Coriander Seeds, 5. Food Items for Local consumption, 6. Fresh Vegetables, 7. Fruits, 8. Garlic, 9. Ginger, 10. Katha, 11. Minor forest products (excluding Teak), 12. Mustard/ Rape seed, 13. Onion, 14. Pulses and Beans, 15. Reed Broom, 16. Resin, 17. Roasted Sunflower Seeds 18. Sesame , 19. Soyabean, 20. Spices (excluding Nut Meg, Mace, Cloves, Cassia & Cinnamon), 21. Tobacco, 22. Tomato.

II. 18 commodities/items notified by Public Notice No. 106(RE-2008)/2004-2009 dated 7th November, 2008:

1. Agarbatti, 2. Bicycle's Spare parts, 3. Blades, 4. Bulbs, 5. Cosmetics, 6. Cotton fabrics, 7. Fertilizers, 8. Imitation jewellery, 9. Insecticides, 10. Leather footwear, 11. Life saving drugs, 12. Menthol, 13. Mosquito Coils, 14. Paints & Varnishes, 15.Spices, 16. Stainless steel utensils, 17. Sugar & Salt, 18. X Ray paper & Photo paper

III. 22 new commodities/items added through this Public Notice:

1. Agricultural machinery/equipments/tools, 2. Bicycle, 3. Bleaching powder, 4. Coal, 5. Edible Oil, 6. Electrical & Electric Appliances, 7. Fabricated steel products, 8. Garments /readymade garments/ cloths, 9. Handlooms and handicrafts items, 10. Hardware/minor construction materials and electrical fittings, 11. Lime, 12. Medicines,13. Milk powder, tea, edible oil, beverages, 14. Motor Cycles & Motor Cycle Spare Parts, 15. Other items such as electronic/musical instruments, stationary item, torch light, 16. Plastic items: water tank, buckets, chairs, plastic pipes and briefcase, 17. Rice,Wheat, Maize,Millets&Oats, 18. Scented tobacco, 19. Semi precious stone, 20. Sewing machines, 21. Textile fabrics, 22. Three wheelers/cars below 100 CC.

3. Effect of Public Notice

i. Existing arrangements for import/export of commodities/items under Indo Myanmar Border have been revised; and

ii. 22 new commodities/items have been added to the existing list of 40 tradable items and all the 62 commodities/items consolidated.

DGFT Clarifies that Banks will Execute Only Guarantee while LUT will be Executed by the Importer

Sub: Amendment in Appendix 25B HBP Vol.I (Appendices and Aayat Niryat Forms) regarding of Bank Guarantee (BG)/ Legal Agreement (LUT).

29-PN(RE) 12.11.2012 (DGFT) In exercise of powers conferred under Para 2.4 of the Foreign Trade Policy, 2004-09, the Director General of Foreign Trade hereby makes the following amendments in Note for Guidance attached to the Appendix 25B of Handbook of Procedures (Vol.1) (Appendices and Aayat Niryat Forms) 2009-2014:

2. The existing Note.1 for Guidance in the matter of executing BG/LUT shall be substituted by the following:

"The Bank Guarantee / Legal Agreement is to be executed by the surety Bank (Guarantor)/ importer/exporter (party) on a non-judicial stamp paper an amount as may be prescribed by the concerned State Government under the Indian Stamp Act, 1899 or State act, as the case may be."

3. In the phrase "B.G./LUT" appearing in Notes 4 & 5 of the Note for Guidance, "BG/ " shall be deleted & only "LUT" would remain.

Effect of this Public Notice

Bank Guarantee (B.G.) would require execution by the surety Bank (Guarantor) and LUT by Exporter/Importer.

DG Safeguards Initiates Review on Phthalic Anhydride (PAN), Three Producers Seek One More Year of 10% Duty to Face Import

[Safeguard Initiation Investigation F.No. D-22011/14/2012 dated 26th October 2012]

Sub: Review of safeguard Duty on imports of Phthalic Anhydride(PAN) into India under provisions of Section 8B(4) of Customs Tariff Act, 1975 read with Rule 16 and Rule 18 of Customs Tariff(Identification and Assessment of Safeguard Duty)Rules, 1997.

An application for review and extension of safeguard duty has been filed before me under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 by M/ s. Thirumalai Chemicals Ltd., Ranipet, Tamilnadu, M/s. IG Petrochemicals Ltd., Raigad, Maharashtra, M/s. Mysore Petrochemicals Ltd, Raichur, Karnataka for continuation/extension of Safeguard Duty on imports of Phthalic Anhydride(PAN) into India after expiry of the existing safeguard duty to protect the domestic producers of Phthalic Anhydride(PAN) against serious injury caused by the increased imports of Phthalic Anhydride(PAN) into India.

2. Domestic Industry

The application dated 7th September, 2012 has been filed by M/s Thirumalai Chemicals Ltd., Ranipet, Tamilnadu, M/s. IG Petrochemicals Ltd., Raigad, Maharashtra, M/s. Mysore Petrochemicals Ltd., Raichur, Karnataka for continuation/extension of Safeguard Duty on imports of Phthalic Anhydride(PAN). The application has been made by three of the five domestic producers of Phthalic Anhydride(PAN) in India accounting for 88% of the total production.

3. Product Involved

The product under consideration is Phthalic Anhydride. It is an anhydride of Phthalic Acid, and is commercially produced by catalytic oxidation of Ortho- xylene or Naphthalene. It is a colourless solid, variously referred as Phthalic Anhydride flakes, Phthalic Anhydride (98% min.), Phthalic Acid Anhydrous, Phthalic Anhydride (99.8% min), etc. The product is produced only in one grade, though, it may be consumed as a solid or liquid in processes it is used. As regards different applications, it does not have distinguishable different types or forms. Further, it is used in production process of various chemicals, which use the same characteristic properties of Phthalic Anhydride. Phthalic Anhydride is used to produce Phthalate esters, which function as plasticizers. It is an important chemical intermediate in plastic industry. Phthalic Anhydride is classified under Customs sub-heading No. 29173500 under the Customs Tariff Act, 1975.

4. Brief history

An investigation was initiated by the DG (safeguards) earlier on the application filed under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 [hereinafter referred to as "Safeguard Rules"] by (1) M/s. Thirumalai Chemicals Ltd, Ranipet Tamilnadu, (2) M/s. IG Petrochemicals Ltd Raigad Maharashtra, (3) M/s. Mysore Petrochemicals Ltd, Raichur Karnataka, seeking imposition of Safeguard Duty on imports of Phthalic Anhydride into India alleging that increased imports of Phthalic Anhydride was causing and/ or threatening to cause serious injury to the domestic producers of Phthalic Anhydride in India. Having satisfied that the requirements of Rule 5 of Safeguard Rules ibid were met, safeguard investigation against imports of Phthalic

Anhydride was initiated vide notice of initiation dated 10th August, 2011 published in the Gazette of India, Extraordinary on the same day.

4.1 After expeditious conduct of investigation preliminary findings were issued on 23rd September, 2011. Central Government levied provisional safeguard duty for a period of 180 days at the rate of 10% with effect from 17th January 2012 vide customs notification No.1/2012-Cus(SG) dated 17th January 2012 based on the recommendation of DG Safeguard.

4.2 Director General (Safeguard) issued Final Findings G.S.R. 263(E), dated the 29th March, 2012, recommending definitive Safeguard duty for a period of one year, i.e. from 17-01-2012 to 16-01-2013. The Central Government imposed definitive Safeguard duty for one year @ 10% from 17.01.2012 to 16.01.2013 vide customs notification No 3/2012-Cus(SG) dated 29th May, 2012.

4.3 As mentioned above, the safeguard duty is in vogue till 16th January, 2013. However, the instant application has been filed by the domestic industry for continuation/extension of safeguard duty for a further period of one year from the date of expiry of existing duty, with the purpose to enable the domestic industry to improve its competitiveness in order to survive.

5. Increased Imports

Phthalic Anhydride is imported into India from a number of countries, and primarily from Republic of Korea, Israel, Iran, Taiwan, China and Russia. The imports of Phthalic Anhydride have shown an increasing trend in absolute terms as well as compared to the domestic production. The imports and domestic production of Phthalic Anhydride during 2009-10 to Q1 of 2012-13 remained as under:

Year	Unit of quantity		Total Imports
2009-10	MT		28098
2010-11	MT		61241
2011-12 (Q1)	MT	9752	
2011-12 (Q2)	MT	12892	
2011-12 (Q3)	MT	7792	
2011-12(Q4)	MT	7983	
2011-12 (Total)	MT		38419
2012-13 (Q1)	MT	12907	
2012-13 (Annualized)	MT		51628

(Source : Figures from 2009-10 to Feb 2012 are from DGCIS data received in the Directorate and from March 2012 to June 2012 are from IBIS as provided by the applicant)

The Imports have increased from 7983 MT in Q4 of 2011-12 to 12907 MT in Q1 of 2012-13 which shows an increase of 62% which is phenomenal. Further, imports as a percentage to domestic production have increased from 13.54% in Q4 of 2011-12 to 23.64% in Q1 of 2012-13.

6. Injury

The applicant have claimed that the increased imports of Phthalic Anhydride have caused and are threatening to cause serious injury to the domestic producers of Phthalic Anhydride as indicated by the following factors:

a) *Production*

Year		Index	QTY(MT)
2009-10	Q1	100	47985
	Q2	121	58259
	Q3	84	40437
	Q4	110	52853
Total			**199534**
2010-11	Q1	116	55503
	Q2	121	58168
	Q3	109	52319
	Q4	107	51271
Total			**217261**
2011-12	Q1	104	50124
	Q2	107	51346
	Q3	114	54736
	Q4	123	58918
Total			**215124**
2012-13	Q1	114	54576

It is seen that production of domestic industry has fallen to 54576 MT in Q1 of 2012-13 from 58918 MT in Q4 of 2011-12. This shows that domestic production has shown a downward trend in first quarter of 2012-13, despite imposition of safeguard duty on the product wef 17 Jan 2012.

b) *Capacity Utilization*

YEAR	Quarter	Capacity utilized (%)
2009-10	Q1	72
	Q2	87
	Q3	60
	Q4	79
Average for 2009-10		**75**
2010-11	Q1	83
	Q2	87
	Q3	78
	Q4	76
Average for 2010-11		**81**
2011-12	Q1	75
	Q2	77
	Q3	82
	Q4	88
Average for 2011-12		**81**
2012-13	Q1	81

Capacity utilization of the Domestic Industry has fallen to 81% in Q1 of 2012-13 from the preceding quarter Q4 of 2011-12 when it was 88%. Therefore, despite levy of safeguard duty on imports during this period, the capacity utilization has not improved.

c) *Share of domestic producers in domestic consumption*:

		Imports (MT)	Domestic Sales by Industry (MT)	Sale of other producers (MT)	Consumption in India (MT)	Market share of DI
2009-10	Q1	7240	35530	5930	48700	73%
	Q2	5163	41289	5930	52382	79%
	Q3	8526	39427	5930	53883	73%
	Q4	7169	40696	5930	53795	76%
Total		**28098**	**156942**	**23720**	**208760**	**75%**
2010-11	Q1	23615	39817	5938	69370	57%
	Q2	8611	51007	5938	65556	78%
	Q3	18082	38941	5938	62961	62%
	Q4	10933	44553	5938	61424	73%
Total		**61241**	**174318**	**23752**	**259311**	**67%**
2011-12	Q1	9752	38149	7659	55560	69%
	Q2	12892	46947	7659	67498	70%
	Q3	7792	42886	7659	58337	74%
	Q4	7983	49748	7659	65390	76%
Total		**38419**	**177730**	**30636**	**246785**	**72%**
2012-13	Q1	12907	46884	7367	67158	70%

From the above table, it is evident that the share of domestic industry in domestic consumption of Phthalic Anhydride has fallen to 67% in 2010-11 from 75% in 2009-10. It has slightly increased to 72% in 2011-12, but still less than the base year 2009-10. Further, it has declined to 70% in Q1 of 2012-13 from 76% in Q4 of 2011-12.

d) *Profit/loss* – the profitability of the domestic industry has steeply deteriorated to such a situation that the domestic industry is now suffering financial losses. This is evident from the table below:-

Financial Year	Profitability (Indexed)
2009-10	100
2010-11	-39
2011-12	-177
2012-13 (Q1)	47

Profit of DI have fallen to 47(Indexed) in 2012-13 Q1 from 100(Indexed) in 2009-10. In between, the DI has suffered losses of 39(Indexed) in 2010-11 which mounted to 177(indexed) in 2011-12, which includes a quarter when safeguard duty was leviable.

e) Inventories

Year		Index	QTY(MT)
2009-10	Q1	100	1604
	Q2	380	6101
	Q3	30	487
	Q4	282	4530
2010-11	Q1	279	4468
	Q2	155	2484
	Q3	576	9232
	Q4	356	5718
2011-12	Q1	507	8131
	Q2	235	3774
	Q3	58	932
	Q4	223	3579
2012-13	Q1	273	4381

From the table above, it is evident that inventories have increased to 4381 MT in Q1 of 2012-

13 from 932 MT in Q3 of 2011-12.

7. The application has been examined and it has been found that prima facie increased imports of PAN (Phthalic Anhydride) have caused and are threatening to cause serious injury to the domestic producers of PAN despite levy of safeguard duty to the extent of 10% wef 17 January 2012 and such increase in imports has caused irreparable damage to the domestic industry. Accordingly, it has been decided to initiate a review investigation through this notice, for continuation/extension of safeguard duty on Phthalic Anhydride.

8. All interested parties may make their views known within a period of 30 days from the date of this notice to:

The Director General (Safeguards)
Bhai Vir Singh Sahitya Sadan: 2nd Floor, Bhai Vir Singh Marg,
Gole Market, New Delhi-110 001, INDIA.
Telefax: 011-23741542/ 23741537, E-mail: dgsafeguards@nic.in

9. All known interested parties are also being addressed separately.

10. Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) on the aforementioned address within 21 days from the date of this notice.

Addl. DGFT Mumbai Issues Suggestions for Filing IEC Applications Online without Deficiencies

The following Trade Notice was issued by the Addl. DGFT Mumbai on 1st November 2012

18-TN 01.11.2012 As a facilitation measure and in order to increase transparency as well as smoothen the process of applying for IEC Code online, the DGFT has made a provision of online IEC application. However, the said objective is not being served fully due to certain deficiencies which get created at the time of application.

The commonly occurring deficiencies in online applications have been identified and suggestions in each regard is herewith given in order to facilitate trade in filing IEC applications online without deficiencies. The trade may kindly go through the said suggestions carefully and ensure that the deficiencies are not created. This will be in their own interest so that in online IEC applications, they get the IEC code seamlessly and expeditiously.

SNo.	Deficiencies noticed generally	Suggestions
1	At times, scanned passport size photograph of Proprietor, Partner, Director, Karta, Trustee is too small	The scanned image should be at least of passport size, so that it is clearly visible. To ensure this, the applicant should preview the same before uploading.
2	Sometimes PAN Card's image is so small that PAN No. is not readable	The scanned image should be of same size as that of the PAN card so that PAN no. is readable. To ensure this, the applicant should preview the same before uploading.
3	At times Bank Certificate's scanned image is not readable since at times it is reduced to a bare minimum or at times it is not properly placed at the time of scanning etc.	The applicant should preview the image with regard to size and clarity before uploading the same.
4	At times, applicants' registered office addresses and addresses on the Bank Certificate's registered office of the company do not tally.	The applicant should ensure that the registered offices shown in his application tally with the registered office shown in the Bank Certificate. To ensure this, the applicant should preview the same before uploading.
5	Photograph on the Bank Certificate is not signed/ attested by the Bank Manager.	The applicant should ensure that the photograph on the Bank Certificate is duly signed/attested by the Bank Manager.
6	At times, Bank Manager's name/Code number is not indicated on the Bank Certificate.	The applicant should ensure that the Bank Manager's name/Code Number is properly indicated on the Bank Certificate.
7	At times, Bank address is not filled up in column 5 of Part A of ANF 2A Form.	The applicant should ensure the same, so that no deficiency is raised in the said regard.
8	In a few cases, applicants' address falls outside Mumbai office jurisdiction.	The applicant should ensure that application is made at the RA office having jurisdiction. The offices in the Western Zone along with the districts under their jurisdiction are given in the attachment to this Trade Notice at Annexure 1 (Appendix 1 of HBP Vol.1).
9	Para 3(vi) of 'Guidelines for applicants' prescribes that applicant should submit Self-addressed envelope and stamp of Rs. 30/- so that original IEC to the applicants may be sent by post.	The applicant should ensure the same.
10	The firm does not tick mark against 5(i), (ii) and (iii) in Part D of ANF 2A indicating non-resident interest.	Maximum deficiencies are pointed out in this clause since most firms do not fill Part D of ANF 2A (which is accessed by clicking 'Any Other Document' in 'Other Documents' section) tick mark against 5(i), (ii) and (iii) in Part D of ANF 2A indicating non-resident interest.
	Applicants should ascertain that they tick mark correctly on 5(i), (ii) and (iii) in Part D of ANF 2A and in case of non-resident interest, furnish the RBI approval details as required.	
11	Sometimes Part D is not submitted in the online copy.	Applicant should submit complete copy of the ANF 2A including Part D which can be accessed by clicking 'Any Other Documents' in 'Other Document' section.

It is herewith hoped that the above suggestions will also encourage more applicants to file online IEC application.

PK Mohanty Takes Over as Commissioner (TRU) in CBEC after End of Geneva WTO Mission Posting, Invites Suggestion for Budget 2013

[Ref: F.No. 334/6/2012-TRU dated 6th November 2012]

Subject: Suggestions from the Industry and Trade Associations for Budget 2013-14 regarding changes in direct and indirect taxes.

In the context of formulating the proposals for the Union Budget of 2013-14, the Ministry of Finance would like to be benefited by the suggestions and views of your Association. You may like to send your suggestions for changes in the duty structure, rates and broadening of tax base on both direct and indirect taxes giving economic justification for the same.

2. Your suggestions and views may be supplemented and justified by relevant statistical information about production, prices, revenue implication of the changes suggested and any other information to support your proposal. It would not be feasible to examine suggestions that are either not clearly explained or which are not supported by adequate justification/ statistics. Further, as regards direct taxes, the government policy is to phase out profit linked deductions and minimizes exemptions; you may take this into consideration while forwarding proposals. The Synopsis of your suggestions could be given in the following format:

Sr.No.	Issue	Justification

3. Your suggestions and views may be emailed, as word document in the form of separate attachments, in respect of, Indirect Taxes (1. Customs and Central Excise, 2. Service Tax) to budget-cbec@nic.in. and 3. Direct Tax to ustpl3@nic.in. Hard copies of the Pre-Budget proposals/ suggestions relating to Customs & Central Excise may be sent to Shri P. K. Mohanty, Joint Secretary (TRU-I), and Service Tax to Shri V K Garg, Joint Secretary (TRU-II), CBEC, while the suggestions relating to Direct Taxes may be sent to Shri Sunil Gupta, Joint Secretary, Tax Policy and Legislation (TPL), CBDT . It would be appreciated if your views and suggestions reach us by the 23rd November, 2012.

Annexure - 1

List of Regional Authorities and Districts under their Jurisdiction

SNo.	Regional Authority	Territorial Jurisdiction
1	The Addl. Director General of Foreign Trade, Mumbai	i. Maharashtra excluding the areas which are under the jurisdiction of Joint DGFT, Pune and Jt. DGFT, Nagpur. ii. Daman, iii. Dadra and Nagar Haveli
2	The Joint Director General of Foreign Trade, Ahmedabad	Gujarat State excluding the areas which are under the jurisdiction of Joint DGFT Rajkot, Baroda, Surat and Development Commissioner, Kandla.
3	The Joint Director General of Foreign Trade, Pune	Districts of Maharashtra i. Pune ii. Ahmednagar iii. Jalna iv. Beed, v. Kolhapur, vi. Latur, vii. Nanded, viii. Osmanabad, ix. Parbhani, x. Ratnagiri, xi. Sangli, xii. Satara, xiii. Solapur, xiv. Sindhudurg, xv. Nashik
4	The Joint Director General of Foreign Trade, Vadodara	Districts of Gujarat i. Vadodara ii. Anand iii. Kheda iv. Panchmahal v. Dahod vi. Bharuch and vii. Narmada
5	The Joint Director General of Foreign Trade, Bhopal	Madhya Pradesh excluding the areas which are under the jurisdiction of Joint DGFT, Nagpur.
6	The Deputy Director General of Foreign Trade, Panaji, Goa	Goa
7	The Joint Director General of Foreign Trade, Rajkot	Districts of Gujarat i. Saurashtra Districts of Gujarat (excluding Kutch) ii. Diu in the Union territory of Daman and Diu
8	The Joint Director General of Foreign Trade, Surat	Districts of Gujarat i. Surat, ii. Valsad and iii. Dangs
9	The Joint Director General of Foreign Trade, Nagpur	Districts of Maharashtra – i. Akola, ii. Amravati, iii. Buldhana, iv. Bhandara, v. Chandrapur, vi. Gadchiroli, vii. Gondhiya, viii. Hingoli, ix. Nagpur, x. Wardha, xi. Washim and xii. Yavatmal Districts of Madhya Pradesh i. Balaghat, ii. Belul, iii. Chhindwara and iv. Seoni
10	The Deputy Director General of Foreign Trade, Raipur, Chattisgarh	State of Chhatisgarh

Multiple Branch AMCs should Institute Concurrent Audit System

Sub: Memorandum of Instructions governing Money Changing Activities

AP(DIR Srs) Cir.50 07.11.2012 (RBI)

Attention of Authorised Persons is invited to Para 17 of Part E of the Annex-I to the Memorandum of Instructions to Authorised Money Changers (AMCs), issued vide A.P.(DIR Series) Circular No.57 [A.P.(FL/RL Series) Circular No.04] dated March 09, 2009 in terms of which all single branch AMCs having a turnover of more than US $ 100,000 or equivalent per month and all multiple branch AMCs should institute a system of monthly audit.

2. On a review based on representations received, it has been decided to allow AMCs having multiple branches to put in place a system of Concurrent Audit which will cover 80 per cent of the transactions value-wise under a system of monthly audit and rest 20 per cent of the transactions value-wise under quarterly audit.

3. All other instructions issued vide A.P.(DIR Series) Circular No. 57 [A.P.(FL/RL Series) Circular No.04] dated March 09, 2009, as amended from time to time will remain unchanged.

4. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permission /approvals, if any, required under any other law.

Indian Agents Not to Submit List of Sub Agents under Money Transfer Service Scheme

Sub: Money Transfer Service Scheme - List of Sub Agents

AP(DIR Srs) Cir.49 07.11.2012 (RBI)

As per extant instructions, Authorised Persons (APs), who are Indian Agents under the Money Transfer Service Scheme (MTSS), are required to submit list of their Sub Agents to the Foreign Exchange Department (FED), Central Office (CO) of the Reserve Bank on a half yearly basis.

2. On a review, it has been decided to discontinue submission of the said half yearly statement to FED,CO. The list of Sub Agents has already been placed on the RBI website (www.rbi.org.in). Authorised Persons (Indian Agents) should inform any addition/ deletion to the list (names and addresses of Sub Agents) immediately, as and when they appoint/ remove any Sub Agent under the scheme, to the concerned Regional Offices (ROs) of the Foreign Exchange Department (FED) of the Reserve Bank, under whose jurisdiction their registered offices fall and the Forex Markets Division, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai-400001. Authorised Persons (Indian Agents) should visit the RBI website and verify the list of Sub Agents on regular intervals and any aberration to the list observed may immediately be brought to the notice of the concerned FED ROs and FED Central Office (CO). Further, Authorised Persons (Indian Agents) should confirm the veracity of the list placed on RBI wesbite to FED CO either in form of a letter or by e-mail at within 15 days of the end of a quarter.

3. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.

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

SIDBI Notified as an Eligible Borrower for ECB On-lending to MSME

Sub: External Commercial Borrowings (ECB) Policy – ECB by Small Industries Development Bank of India (SIDBI)

AP(DIR Srs) Cir.48 06.11.2012 (RBI)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide Notification No. FEMA 3/2000-RB dated May 3, 2000, amended from time to time and A.P. (DIR Series) Circular No. 5 dated August 1, 2005 relating to the External Commercial Borrowings (ECB).

2. On a review of the extant ECB policy, it has been decided to include SIDBI as an eligible borrower for availing of ECB for on-lending to MSME sector, as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, subject to the following terms and conditions:-

a) such on-lending by SIDBI shall be to the borrowers' directly either in INR or in foreign currency (FCY);

(i) the foreign currency risk shall be hedged by SIDBI in full in case of on-lending to MSME sector in INR; and

(ii) on-lending in foreign currency shall be subject to Regulation 5(5) of FEMA Notification No. 3/2000-RB dated May 03, 2000, as amended from time to time and shall only be to those beneficiaries which have natural hedge by way of foreign exchange earnings;

(b) availment of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds, for on-lending to MSME sector, will be under the automatic route and beyond 50 per cent of owned funds, will be under the approval route, subject to a ceiling of USD 500 million per financial year; and

(c) the proceeds of ECB availed by SIDBI, shall be used for on-lending to MSME sector only for the permissible end-uses as provided under the extant ECB policy.

3. All other conditions of ECB, such as recognized lender, all- in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

4. The amended ECB policy shall come into force with immediate effect and is subject to review based on the experience gained in this regard.

Tariff Value of Gold and Silver Up by $5/10 gram and $19/kg Respectively

Brass Scrap Down by $67/MT

98-Cus(NT) 14.11.2012 (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 and Table-2, the following Tables shall be substituted namely:-

"Table-1

S.No.	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	**887**
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)	**4029**
9	1207 91 00	Poppy seeds	**5346**

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	**561** 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	**1058** per kilogram"

[F. No. 467/01/2012-Cus.V Pt. I]

Exchange Rates for Customs Valuation

Rupee Falls to Rs. 55.50 for Customs Valuation on Imports w.e.f. 17 November 2012

99-Cus(NT) 16.11.2012 (DoR) In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 97/2012-CUSTOMS (N.T.), dated the 1st November, 2012 *vide* number S.O. 2669(E), dated the 1st November, 2012, except as respects things done or omitted to be done before such super session, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or *vice versa* shall, **with effect from 17th November, 2012** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

		Imprted Goods		**Exported Goods**	
SNo.	Currency	Current	Previous	Current	Previous
Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees					
1.	Australian Dollar	57.85	56.85	56.45	55.30
2.	Bahrain Dinar	150.25	147.50	141.80	139.15
3.	Canadian Dollar	55.65	54.80	54.10	53.45
4.	Danish Kroner	9.55	9.55	9.25	9.25
5.	EURO	70.90	70.90	69.25	69.10
6.	Hong Kong Dollar	7.15	7.05	7.05	6.90
7.	Kenya Shilling	66.40	65.35	62.30	61.55
8.	Kuwait Dinar	200.95	198.05	189.05	186.45
9.	Newzeland Dollar	45.35	45.00	44.05	43.80
10.	Norwegian Kroner	9.70	9.60	9.40	9.30
11.	Pound Sterling	88.25	87.95	86.15	85.85
12.	Singapore Dollar	45.60	44.80	44.40	43.75
13.	South African Rand	6.35	6.45	6.00	6.05
14.	Saudi Arabian Riyal	15.10	14.85	14.25	14.00
15.	Swedish Kroner	8.25	8.25	8.00	8.00
16.	Swiss Franc	59.05	58.80	57.40	57.30
17.	UAE Dirham	15.40	15.15	14.55	14.30
18.	US Dollar	55.50	54.55	54.55	53.55
Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees					
1.	Japanese Yen	69.55	68.90	67.65	66.95

[F.No.468/17/2012-Cus.V]

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

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

RBI Issues Revised Guidelines for Customer Identification Procedure

Sub: Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards / Combating the Financing of Terrorism (CFT) Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 Money changing activities.

AP(DIR Srs) Cir.51 15.11.2012 (RBI) Attention of Authorised Persons is invited to F-Part-II of the Annex to the A.P. (Dir Series) Circular No. 17 [A.P. (FL/RL Series) Circular No. 04] dated November 27, 2009, as amended by the A.P. (Dir Series) Circular No. 60 dated December 22, 2011.

2. Based on several representations received from Full Fledged Money Changers (FFMCs), regarding difficulties in obtaining documents other than passport, and taking into account the procedure followed for money changing in other countries, it has been decided to amend certain instructions contained in the aforementioned Part. The amended instructions are given in the Annex.

3. All the other instructions contained in the A.P. (DIR Series) Circular No. 17 [A.P. (FL/RL Series) Circular No. 04] dated November 27, 2009, as amended from time to time shall remain unchanged.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

5. These guidelines are also applicable mutatis mutandis to all agents/ franchisees of Authorised Persons and it will be the sole responsibility of the franchisers to ensure that their agents / franchisees also adhere to these guidelines.

6. Please advise your Principal Officer to acknowledge receipt of this circular letter.

7. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999)and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure

and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission/approvals, if any, required under any other law.

[Annexure is available at our website www.worldtradescanner.com]

WTO Adopts Ruling on Electrical Steel

At a meeting on 16 November 2012, the Dispute Settlement Body adopted the Appellate Body Report and the Panel Report, as upheld by the Appellate Body Report, pertaining to the dispute over anti-dumping duties applied by China on grain oriented flat-rolled electric steel from the United States.

DS414: China - Countervailing and Anti-Dumping Duties on Grain Oriented Flat-Rolled Electric Steel from the United States

The United States welcomed the adoption of the Panel Report and Appellate Body Report which had found serious and pervasive deficiencies with China's measures. The US highlighted the key findings of the Panel, which had found China in breach of several provisions of the Subsidies and Countervailing Measures Agreement and the Anti-Dumping Agreement. The US welcomed the fact that the Appellate Body upheld the Panel's findings, in particular the findings that China's price effects analysis was flawed, that China failed to disclose essential facts and that China failed to explain its determination. The US noted that the problems identified in this dispute were also present in other investigations that were also subject to dispute settlement.

China noted that the anti-dumping margins determined by its investigating authority had been upheld. While appreciating the need for the Appellate Body to clarify certain issues concerning an authority's findings of price effects, China had some concerns regarding other aspects of the Appellate Body's review of the Panel Report. In its view, it was important that the Appellate Body pay particular attention to the findings of the authority, and how the Panel viewed those findings. China believed that, like the Panel, the Appellate Body should base its findings and conclusions on the determination of the authority, not on a characterisation of that determination. Despite not agreeing with all the findings of the Appellate Body and the Panel, China said it respected the conclusions and would work towards implementing the findings.

Pak sends 200 Exhibitors in IITF

The Indian Trade Promotion Organization (ITPO) has allocated a huge space for Pakistani exhibitors, which are the largest in participation of the FPCCI in any city of the world. "A huge number of exhibitors from various sectors are participating, making the largest participation of the FPCCI in any city in the world," said Iqbal Dawood Pakwala, vice president of the FPCCI.

Shaikh Shakeel Dhingra, vice president of the FPCCI, was also optimistic about the outcome of the trade fair. He said that around 200 exhibitors from Pakistan are participating in the event.

The Indian government is organising the 32nd annual mega event in which organisers have estimated over 6,000 exhibitors and two million local and foreign visitors to throng the event.

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Looking forward, this month's Association of Southeast Asian Nations (ASEAN) summit, being held in Cambodia, is now being discussed as the last opportunity for leaders of the three nations to launch free trade negotiations this year, as was originally planned. However, according to a Japanese lawmaker with knowledge of the negotiation process who spoke to the Wall Street Journal, "the current atmosphere doesn't allow political problems to be put aside for the sake of economic cooperation."

Indeed, although discussions would require the approval of all three heads of government, a meeting between the leaders has yet to be arranged, according to officials.

Despite the territory dispute, China is soon expected to enter into another set of talks with both Japan and South Korea, as well as India, Australia, New Zealand, and the 10-nation ASEAN group, for a regional free trade bloc, according to recent comments by South Korean Trade Minister Taeho Bark. The formal announcement is slated for the upcoming ASEAN summit, according to Reuters, with participating governments hoping to clinch a trade liberalisation deal by end-2015.

The idea for such a regional deal - dubbed the Regional Comprehensive Economic Partnership (RCEP) - originated from the planned Japan-Korea-China trilateral talks, Bark said on Monday, after some ASEAN countries expressed interest in a wider agreement. How the territorial dispute might affect the so-called RCEP, however, is unclear.

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