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Union Cabinet Approves Stands taken by India at Bali Ministerial



The Union Cabinet on 19 December approved the stand taken by India at the Ninth Ministerial Conference of the WTO held in Bali, Indonesia during 3-7 December 2013.

Food Security

The two key issues for the Ninth Ministerial Conference of the WTO were

Trade Facilitation and a proposal on Food Security.

While the accumulation and holding of public stocks for food security purposes is classified as non trade-distorting, procurement at administered prices (Minimum Support Prices in India) is considered to be implicitly trade distorting and is, therefore, subject to a limit under WTO rules.

Since the limit can be a constraint on the procurement operations of developing countries, India, along with other developing countries submitted a proposal in the WTO for a suitable amendment in the rules to address this issue.

During the conference, ministers agreed on a decision that provides for an interim period of protection to public stockholding programmes for food security purposes of developing country members from being challenged in the WTO, on the grounds of exceeding the support which they are entitled to provide. It further provides that members must agree on a permanent solution on this issue for adoption by the 11th Ministerial Conference of the WTO.

This Decision ensures that trade rules in respect of agriculture do not come in the way of initiatives aimed at self-sufficiency in food and stabilization of domestic prices. As a result of the decision, procurement operations of developing countries will not be constrained by their existing farm support limits. Developing countries will be able to run food security programmes for their under-nourished and hungry populations without the fear of violating WTO rules under the Agreement on Agriculture.

Prior to the Bali Ministerial Conference, the Cabinet had provided directions to the Commerce and Industry Minister on the stand to be taken by India. Acting on these directions, India took the position from the beginning that food security was non-negotiable and maintained its position that until a permanent solution to the issue was found, the interim mechanism must not be terminated.

As a result of its unwavering stand and the support it was able to muster, India succeeded in getting the text on Food Security appropriately amended.

The final agreed text addresses India's core concerns. It has a firm commitment from members to work on a permanent resolution. In the interim, until a permanent solution is found, eligible members will be protected against challenge in the WTO, under the Agreement on Agriculture in respect of public stockholding programmes for food security purposes. By impli-

cation, until a permanent solution is found, countries like India will have the flexibility of providing support to its farmers without the apprehension of breaching its entitlements.

Trade Facilitation

Since most of India's demands and concerns were appropriately addressed in the Trade Facilitation Agreement, India endorsed the proposed Trade Facilitation Agreement. The new agreement will create a set of disciplines that would ensure that all WTO Members not only simplify their rules and procedures, but also follow modern techniques for facilitating clearance of goods across international borders. The agreement would eventually lead to reducing dwell time, removing unnecessary formalities and documentation, and ensuring faster release and clearance of goods at international borders. This will go a long way towards improving India's trade administration and providing a more conducive business environment to traders.

On other issues being negotiated for the Ninth Ministerial Conference, India supported the broader consensus as it did not have any specific concern.

This was a landmark Ministerial Conference as the WTO has been able to conclude a multilateral agreement for the first time since its establishment. The outcome at Bali has restored faith in the WTO as a multilateral negotiating forum. It is a major step towards resuming the Doha Round of trade negotiations, especially in the agriculture sector. It has also given a clear signal to the world that while India is prepared to negotiate, it cannot and will not accept unbalanced agreements in any area, and least of all in an area of its topmost priority, namely food security and the welfare of its farmers and its poor.

We Wish Our Readers



Academy of Business Studies

WTO Reaches Its First Ever Trade Deal at Bali Meeting Public Stockholding for Food Security Purposes

Draft Ministerial Decision

The Ministerial Conference,

[Ref: Public Stockholding for Food Security Purposes — Draft Ministerial Decision — WT/MIN(13)/W/10 dated 6th December 2013]

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

1. Members agree to put in place an interim mechanism as set out below, and to negotiate on an agreement for a permanent solution¹, for the issue of public stockholding for food security purposes for adoption by the 11th Ministerial Conference.

2. In the interim, until a permanent solution is found, and provided that the conditions set out below are met, Members shall refrain from challenging through the WTO Dispute Settlement Mechanism, compliance of a developing Member with its obligations under Articles 6.3 and 7.2 (b) of the Agreement on Agriculture (AoA) in relation to support provided for traditional staple food crops² in pursuance of public stockholding programmes for food security purposes existing as of the date of this Decision, that are consistent with the criteria of paragraph 3, footnote 5, and footnote 5&6 of Annex 2 to the AoA when the developing Member complies with the terms of this Decision.³

Notification and Transparency

3. A developing Member benefiting from this Decision must:

- have notified the Committee on Agriculture that it is exceeding or is at risk of exceeding either or both of its Aggregate Measurement of Support (AMS) limits (the Member's Bound Total AMS or the *de minimis* level) as result of its programmes mentioned above;
- have fulfilled and continue to fulfil its domestic support notification requirements under the AoA in accordance with document G/AG/2 of 30 June 1995, as specified in the Annex;
- have provided, and continue to provide on an annual basis, additional information by completing the template contained in the Annex, for each public stockholding programme that it maintains for food security purposes; and
- provide any additional relevant statistical information described in the Statistical Appendix to the Annex as soon as possible after it becomes available, as well as any information updating or correcting any information earlier submitted.

Anti-Circumvention/Safeguards

4. Any developing Member seeking coverage of programmes under paragraph 2 shall ensure that stocks procured under such programmes do not distort trade or adversely affect the food security of other Members.

5. This Decision shall not be used in a manner that results in an increase of the support subject to the Member's Bound Total AMS or the *de minimis* limits provided under programmes other than those notified under paragraph 3.a.

Consultations

6. A developing Member benefiting from this

Decision shall upon request hold consultations with other Members on the operation of its public stockholding programmes notified under paragraph 3.a.

Monitoring

7. The Committee on Agriculture shall monitor the information submitted under this Decision.

Work Programme

8. Members agree to establish a work programme to be undertaken in the Committee on Agriculture to pursue this issue with the aim of making recommendations for a permanent solution. This work programme shall take into account Members' existing and future submissions.

9. In the context of the broader post-Bali agenda, Members commit to the work programme mentioned in the previous paragraph with the aim of concluding it no later than the 11th Ministerial Conference.

10. The General Council shall report to the 10th Ministerial Conference for an evaluation of the operation of this Decision, particularly on the progress made on the work programme.

¹ The permanent solution will be applicable to all developing Members.

Draft Bali Ministerial Declaration

- [WT/MIN/DEC/W/1/Rev.1](#) The Draft Bali Ministerial Declaration

The draft makes reference to the following draft texts for adoption by ministers:

Part I - Regular Work Under The General Council

- TRIPS Non-violation and Situation Complaints — Draft Ministerial Decision — [WT/MIN\(13\)/W/2](#)
- Work Programme on Electronic Commerce — Draft Ministerial Decision — [WT/MIN\(13\)/W/3](#)
- Work Programme on Small Economies — Draft Ministerial Decision — [WT/MIN\(13\)/W/4](#)
- Aid for Trade — Draft Ministerial Decision — [WT/MIN\(13\)/W/5](#)
- Trade and Transfer of Technology — Draft Ministerial Decision — [WT/MIN\(13\)/W/6](#)

Part II — Doha Development Agenda Trade Facilitation

- Agreement on Trade Facilitation — Draft Ministerial Decision — [WT/MIN\(13\)/W/8](#)

Agriculture

- General Services — Draft Ministerial Decision — [WT/MIN\(13\)/W/9](#)
- Public Stockholding for Food Security Pur-

Gov Approves \$50bn Swap with Japan

The Government of India today approved the enhancement of the bilateral currency swap arrangement between the Reserve Bank of India (RBI) and Bank of Japan from US\$15 billion to US\$ 50 billion. The terms of the Agreement have been agreed between the Indian and the Japanese side in this regard. The Government of India has authorized Reserve Bank of India (RBI) to sign the agreement.

This measure will further strengthen the bilateral financial cooperation between Japan and India.

Currency Swap Means

A currency swap is a foreign-exchange agreement between two institutions to exchange aspects (namely the principal and/or interest payments) of a loan in one currency for equivalent aspects of an equal in net present value loan in another currency. Currency swaps are motivated by comparative advantage. A currency swap should be distinguished from a central bank liquidity swap.

² This term refers to primary agricultural products that are predominant staples in the traditional diet of a developing Member.

³ This Decision does not preclude developing Members from introducing programmes of public stockholding for food security purposes in accordance with the relevant provisions of the Agreement on Agriculture.

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

poses — Draft Ministerial Decision — [WT/MIN\(13\)/W/10](#)

- Understanding on Tariff Rate Quota Administration Provisions of Agricultural Products, as Defined in Article 2 of the Agreement on Agriculture — Draft Ministerial Decision — [WT/MIN\(13\)/W/11](#)
- Export Competition — Draft Ministerial Declaration — [WT/MIN\(13\)/W/12](#)

Cotton

- Cotton — Draft Ministerial Decision — [WT/MIN\(13\)/W/13](#)

Development and LDC issues

- Preferential Rules of Origin for Least-Developed Countries — Draft Ministerial Decision — [WT/MIN\(13\)/W/14](#)
- Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of Least-Developed Countries — Draft Ministerial Decision — [WT/MIN\(13\)/W/15](#)
- Duty-Free and Quota-Free Market Access for Least-Developed Countries — Draft Ministerial Decision — [WT/MIN\(13\)/W/16](#)
- Monitoring Mechanism on Special and Differential Treatment — Draft Ministerial Decision — [WT/MIN\(13\)/W/17](#)

[Full text available with our website www.worldtradesScanner.com]

WEEKLY INDEX OF CHANGES

DGAD Issues Guidelines on Submitting 'Confidential Information' for Anti-dumping Investigation

[DGAD Trade Notice No. 01 dated 9th December 2013]

Attention of the Trade and Industry is invited to Section 9A of the Customs Tariff Act, 1975 as amended in 1995 and to Rule 7 of the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 framed thereafter.

2. In pursuance to the provision of Rule 7 of the above Rules, all interested parties to anti-dumping investigations are advised to comply with the following requirements while submitting "confidential information" before the Designated Authority in an anti-dumping investigation:

i. The parties making any submission (including Appendixes/Annexures attached thereto) before the authority including questionnaire response, are required to file the same in two separate sets, in case 'confidentiality' is claimed on any part thereof:

- (a) one set marked as Confidential (with title, number of pages, index, etc.) and
- (b) the other set marked as Non-Confidential (with title, number of pages, index, etc.).

Any submission made without such marking shall be deemed as non-confidential. Soft copy of both the versions will also be required to be submitted, along with the hard copies, to the authority.

ii. The Confidential version shall contain all information which are by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.

iii. The non-confidential version is required to be a replica of the confidential version with the confidential information indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible of summary, a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Designated Authority.

iv. After the above requirements are met, the Designated Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted by the interested party.

v. If the Designated Authority is satisfied that the request for confidentiality is not warranted and if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

vi. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the authority.

vii. The Designated Authority on being satisfied and accepting the need for confidentiality of the information given, shall not disclose it to any party without specific authorization of the party

providing such information.

viii. During the course of public hearing if any interested party intends to circulate any document/paper, copy of the same must be provided to all participants at least one working day prior to the date of hearing by way of hard copy or e-mail or both.

ix. In case an interested party intends to submit/present some information on confidential basis during the public hearing, the same along with NCV thereof must be submitted to the Designated Authority at least three days prior to such hearing. It should be ensured that the NCV of such information gives a meaningful summary of the CV, In case no such NCV is provided before the stipulated period, the interested party may not be allowed to present such papers in the public hearing.

3. The above procedure will supersede all previous instructions or Trade Notices issued by the Directorate with regard to confidentiality and in the publications of this Directorate.

[No. 4/27/2007-DGAD]

Annexure-I

Guidelines on confidentiality of information/data contained in the Petition, response to the Questionnaire or other Submissions

The NCV should be replica of the confidential version (having same Para No. and Page No.) except the information or data claimed to be confidential for which non-confidential summary should be provided under the heading "Non-Confidential Summary" at places where confidential information were provided in the confidential version. In case any data is claimed as

confidential, NCV of the same should be submitted in the indexed form. In case, summarization/indexation of the information/data is not possible, specific reason for the same should be provided on the forwarding letter.

2. The claim of confidentiality on any information/data should be submitted in the following format as a forwarding letter of the NCV:-

SNo.	Issue/data on which confidentiality is claimed	Reason/justification for claiming confidentiality	Page No. of the NCV at which non-confidential summary is provided	Whether information is available in the Public domain or with any Govt. Authority from whom the same can be obtained by the public with or without payment of fee
1	2	3	4	5

3. The reason/justification should be on the basis of criteria laid down in Article 6.5 of the Anti-Dumping Agreement. The reason/justification should be specific clearly demonstrating/establishing that disadvantage would occur by disclosure of information.

4. The confidentiality claims and decision thereon are case-specific. Therefore, precedence of any previous cases would not be considered as justification for claiming confidentiality. In this regard attention is invited to the following:-

(i) The following are examples of information which may be treated as confidential:

a) Information of significant competitive advantage to a competitor, production costs, distribution costs, upstream and downstream pricing data, profit and loss margins, certain conditions of sale, research/invention data, technical designs, business or trade secrets concerning the nature of a products or production process, specification of components, performance/profitability data, details of margin of dumping and adjustments claimed by the party

etc. are some examples of such type of information. List is not exhaustive.

b) Information, the disclosure of which would have a significant adverse effect upon the party who submitted the information or the party from whom the information was acquired by the party who submitted the information. Some examples are -customer and supplier lists, letters from buyers on price negotiations, details of technical collaboration.

(ii) The information claimed to be confidential shall be examined by the authority on a case to case basis. Reporting obligation of the Designated Authority under Article 12 of the Anti-Dumping Agreement shall be kept in view while granting confidentiality. For example, address of the domestic industry/exporter, location of plant, etc. cannot be treated as confidential. The balancing interest on disclosure shall be kept in view while examining the information on a case to case basis.

(iii) In case, an interested party submits information on confidential basis and claims that the summary thereof is NCV is not possible the

same claim shall be accepted by the authority only after due consideration and examination. Examples of cases where such claims may be accepted are, technical details of manufacturing process, consumption norms of raw materials/utilities, invention/research data, technical designs, trade secrets concerning nature of production process, technical specifications of the components, etc.

(iv) A claim of confidentiality shall not be accepted by the authority on the grounds of commercial restrictions, for example, in case, the information is available in public domain and can be obtained by any party after payment of fee, etc. information/data procured from a private source as IBIS shall not be treated as confidential and the party submitting the same should submit a letter of permission for its disclosure from the party supplying the same before being accepted.

(v) All the interested parties participating in an Anti Dumping Investigation are, inter-alia, required to submit a copy of its Annual Accounts along with the B/Sheet, duly certified by a practicing Accountant for the POI and preceding two years Generally, the Annual Accounts, B/Sheet & P&L Account of a Company, duly certified by

a practicing Accountant, shall be treated by the Authority as non-confidential and a copy of the same shall also be kept in the public file.

(vi) In case an interested party claims confidentiality in respect of Annual Accounts and the Balance Sheet for the POI and the previous two years, the interested party shall be required to give a detailed justification for claiming the confidentiality. The justification/grounds for claiming confidentiality, in such cases shall be market non-confidential and a copy of the same shall be kept in the public file.

(vii) In case the entire Annual Accounts and the Balance Sheet for the POI and the previous two years is claimed to be confidential, a non-confidential version, duly indexed giving meaningful summary of the confidential version, shall also be submitted by the interested party for reference by the other interested parties.

(viii) In case the Annual Accounts and the Balance Sheet of a participating interested party is in the public domain, in accordance with the relevant law/rules of the subject country or can be obtained by the public from the prescribed authorities, the same shall not be allowed by the authority to be treated as confidential under any circumstances.

Group Company Definition Widened

Limited Liability Partnerships (LLPs) Included in the Definition

Subject: Amendment in Para 9.28 of Foreign Trade Policy, 2009-2014.

58-Ntnf(RE) In exercise of powers
18.12.2013 conferred under Section 5 of
(DGFT) the Foreign Trade
(Development and Regulation)
Act, 1992 read with paragraph 1.3 of the Foreign
Trade Policy, 2009-2014, as amended from
time to time, the Central Government hereby
notifies the following amendment in the Para
9.28 of Foreign Trade Policy, 2009-2014:

2. The definition of "Group Company" in Para 9.28 of Foreign Trade Policy, 2009-2014 is amended to read as under:

"Group Company" means two or more enterprises which, directly or indirectly, are in a position to:-

- exercise twenty-six per cent or more of voting rights in other enterprise; or
- appoint more than fifty percent of mem-

bers of board of directors in the other enterprise.

The term 'Enterprise' used above would include (i) Public Limited Company, (ii) Private Limited Company and (iii) Limited Liability Partnership (LLP), but not a partnership firm or a proprietorship firm.

For group companies to claim benefits or have their exports counted for benefits to be claimed by another member of group, the group company should have been in existence at least 2 years prior to date of application under any of export promotion schemes notified in FTP.

3. Effect of this Notification

Para 9.28 of FTP has been amended to include Limited Liability Partnerships (LLPs) in the definition of "Group Company". Neither partnership nor proprietorship firm would come within the ambit of definition of a "Group Company".

CBEC Clarifies that Non Filing of Appeal on Ground of Low Value should not Mean that Department has Accepted Original Order

[CBEC Instruction dated 12th December 2013]

Sub: Reduction of Government litigation - providing monetary limits for filing appeals by the Department before CESTAT/High Courts and Supreme court.

The Instruction issued from F. No.390/Misc/163/2010-JC dated 20.10.2010 which was modified by Instruction of even number dated 17.08.2011 prescribed the monetary limits below which appeal shall not be filed by the Department in the Tribunal / Courts. Section 35R of the Central Excise Act, 1944 made applicable to the Finance Act, 1994 vide Section 83 of the said Act, and Section 131BA of the Customs Act, 1962 vest power with the Board to regulate filing of appeals in the Tribunal and the Courts

by specifying monetary limit below which appeal need not be filed.

2. Sub-Section 3 of Section 35R and Section 131BA provides that if an appeal has not been filed by the Department following Instructions issued for not filing appeal below the monetary limit, no person, being a party in appeal, shall contend that the Department has acquiesced in the decision on the disputed issue by not filing appeal. **In effect, the decisions / judgments**

Natural Rubber Duty Raised to the Lower of 20% or Rs. 30 per kg from 20% or Rs. 20 per kg

In Order to Protect the Interest of Rubber Growers, The Basic Customs Duty on Natural Rubber has been increased from 20% or Rs 20 Per Kg Whichever is Lower, to 20% or Rs 30 Per Kg Whichever is Lower

In recent months, the prices of rubber in the domestic market have fallen considerably. The fall in prices is stated to be due to increased imports. To protect the interest of rubber growers, the basic customs duty on natural rubber has been increased from 20% or Rs 20 per kg, whichever is lower, to 20% or Rs 30 per kg, whichever is lower, vide notification No. 51/2013-Customs dated 20-12-2013. Over 12 lakh farmers who are dependent on this crop for their livelihood, are to be benefitted.

[Source: PIB (MoF) Press Release dated 21st December 2013]

Ntnf 51 In exercise of the powers
20.12.2013 conferred by sub-section (1)
(DoR) of section 25 of the Customs
Act, 1962 (52 of 1962), the

Central Government, on being satisfied that it is necessary in the public interest 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. 12/2012-Customs, dated the 17th March, 2012** which was published in the Gazette of India, Extraordinary, vide G.S.R. 185(E) dated the 17th March, 2012, namely:-

In the said notification, in the Table, against serial number **252**, in column (3), against item (ii), for the entry in column (4), the entry "20% or Rs.30/- per kg, whichever is lower" shall be substituted;

[F. No.354/111/2011-TRU]

accepted for reasons of monetary limit do not have precedent value.

3. Instances have come to the notice of the Board where while arguing on the legal effect of an order accepted on account of low amount, the Department has failed to emphasize the relevant provisions of Section 35R as above before the Courts / Tribunal. In a recent case, the Hon'ble High Court dismissed an order passed by the adjudicating authority and even quashed the Show Cause Notice on the ground that an earlier Tribunal order which had decided the issue was not challenged by the Department. The duty involved in the said case was below the threshold limit prescribed for filing appeal. The plea that non-filing of appeal against the said Tribunal order was on account of low amount and did not have any precedent value in the light of the provisions of Section 35R *ibid* and that the merits of the case are not finally settled, however, was not pleaded, resulting in two such judgments of the High Court.

3.1. It was further noticed that the issue involved in the said case was already before the Su-

preme Court in a Departmental appeal. As per the Board's extant Circular No. 162/73/95-CX dated 14.12.1995 relating to Call Book, Show Cause Notices in question should have been transferred to Call Book awaiting the decision of the higher appellate forum.

4. In view of the above, the Departmental Counsels and the DRs in the Tribunal must plead that a judgment accepted for reasons of low amount should not be relied upon by the

appellate forum and that the Department is at liberty to agitate the issue in subsequent proceedings till the matter is settled on merits. The officers in the field formations are hereby directed to take note of the statutory provisions mentioned in the Para 1 & 2 above and prepare the grounds of appeal / defense in suitable cases quoting the relevant provisions.

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

DGFT to Reconsider Ban on Captive Power Plants under EPCG – Invites Views from Trade

Subject: Inviting Suggestions on import of power generating equipment under EPCG scheme

08-TN Notification No. 7 dated
17.12.2013 18.4.2013 disallows import of
(DGFT) captive power plants and
power generator sets under

Export Promotion Capital Goods (EPCG) scheme with effect from 18th April 2013.

2. Representations have been received from trade and industry that uninterrupted supply of quality power at competitive rates is essential for production activities and maintaining export competitiveness. Import of capital goods under EPCG scheme at concessional duty reduces the overall cost of setting up of a power plant which in turn reduces the cost of power and ensures uninterrupted power supply. Their representation, accordingly, pleads for import of power generating equipment under the EPCG scheme.

3. Views/suggestions/comments on the request contained in para 2 above are solicited. While submitting such feed-back, care may be taken also to suggest how to count fulfillment of Export Obligation because the resultant product of such capital good, i.e. 'power' is mostly not exportable per-se. Similarly, how a common service provider installing power equipments would fulfill Export Obligation may also be conveyed. One suggestion is to take into account the imputed value of power in the export products of the respective EPCG authorisation holders while calculating the EO.

4. All stakeholders are requested to give their feed-back /suggestion preferably through e-mail addressed to the undersigned as soon as possible but not later than by Monday, the 6th January, 2014.

DGFT Places Six Pharma SION under Sunset Review

43-PN(RE) In exercise of the powers
16.12.2013 conferred under Paragraph 2.4
(DGFT) of the Foreign Trade Policy,
2009-2014 and in pursuance to
para 4.10.1 of HBP vol.1, the Director General
of Foreign Trade hereby notifies the following
SIONs pertaining to product group "Chemicals &
Allied Products":-

- (i) SION A-84
- (ii) SION A-197
- (iii) SION A-2287
- (iv) SION A-2476
- (v) SION A-2583
- (vi) SION A-3139

2. For a quick reference para 4.10.1 of HBP vol.1 is extracted below:-

"NC may identify SIONs which in its opinion are required to be reviewed. Exporters are required to submit revised data in ANF 4B for

such revision. It is mandatory for industry / exporter(s) to provide production and consumption data etc. as may be required by DGFT / EPC for revision of SION. Otherwise, applicant shall not be allowed to take benefit of Advance Authorisation scheme."

3. Manufacturers of export products covered under above SIONs and the concerned Export Promotion Councils should submit production and consumption data as soon as possible but not later than Friday, the 31st January, 2014 so that such a review is taken up. Failure to provide the data, so required by the date so specified would result in stoppage of the benefit of Advance Authorisation / DFIA for export products covered by these SIONs.

4. Effect of this Public Notice

SIONs mentioned in para 1 above are to be reviewed. Necessary data is required to be provided by 31.01.2014.

CBEC Issues Clarification on Service Tax Voluntary Compliance Scheme

[Ref: F. No. B1/19/2013-TRU (Pt.) dated 11th December 2013]

Sub: The Service Tax Voluntary Compliance Encouragement Scheme – issues for clarification.

The undersigned is directed to state that the Board has issued clarifications on issues concerning various aspects of the VCES, vide circulars dated 13.05.2013, 8.08.2013 and 25.11.2013. A FAQ has also been issued on VCES. However, certain instances have come to notice, as mentioned below, that the declarants under the VCES are still facing difficulties.

2. In one instance, the Designated Authority

has asked a declarant, who has "tax dues" only for a part of the period covered by the Scheme, to furnish an undertaking that he had no unpaid "tax dues" for the remaining period covered by the Scheme. However, the Scheme does not envisage furnishing of any such undertaking. A declarant may have tax dues only for a part period covered by the Scheme. In terms of the Scheme a declaration of tax dues has to be

MEP on Onions Cut to US\$350/MTs from US\$800 MTs

Subject: Export Policy of Onions.

59-Ntfn(RE) In exercise of powers
19.12.2013 conferred by Section 5 of the
(DGFT) Foreign Trade (Develop-
ment & Regulation) Act, 1992
(No. 22 of 1992) read with Para 1.3 of the
Foreign Trade Policy, 2009-
2014, the Central Govern-
ment amends para 2 of
Notification No.03(RE-
2012)/2009-14 dated
29.06.2012 read with
Notification No.57(RE-2013)/2009-14 dated
16.12.2013 with immediate effect .



2. The amended para 2 of Notification No. 03(RE-2012)/2009-14 dated 29.06.2012 will now read as:

"Export of onion for the item description at Serial Number 51 & 52 of Schedule 2 of ITC(HS) Classification of Export & Import Items shall be permitted subject to a Minimum Export Price(MEP) of US\$ 350 per Metric Ton F.O.B. or as notified by DGFT from time-to-time".

3. Effect of this Notification

Export of all varieties of onions as described above will be subject to a Minimum Export Price (MEP) of US\$ 350 per MT.

made in Form VCES-I, which includes an undertaking that the information given in the declaration is correct and complete. Therefore, the Designated Authority should not ask for any other undertaking or declaration beyond what has been prescribed in the Scheme or Rules made there under.

3. In another instance, the Designated Authority has objected to the payment of the first tranche of 50%, payable by 31.12.2013, in installments. It is clarified that the Scheme only prescribes that the declarant would pay a minimum amount of 50% of the tax dues by 31.12.2013. Rest of the payment may be made by 30.6.2014, without any interest, and any amount remaining unpaid on 30.6.2014 shall be paid by 31.12.2014, with interest for the period of delay beyond 30.6.2014. There is no bar to pay these amounts in installments. For example a declarant may pay the 50% amount that he is required to pay by 31.12.2013 in more than one installment. Therefore, payment of 50% "tax dues" in lump-sum may not be insisted to.

4. In some instances, it has been observed that the Designated Authority has raised frivolous/unnecessary queries as regards the veracity and the manner of calculation of tax dues. While the designated authority may cause arithmetical check as regards the correctness of computation of tax dues, the Scheme does not envisage investigation by the designated authority into the veracity of declaration. Only if the Commissioner has reason to believe that the declaration filed by the declarant is substantially false he may, for reasons to be recorded in writing, serve notice on the declarant requiring him to show cause why he should not pay the tax dues not paid or short-paid.

DGFT Invites Comments on Modified Online IEC Application

- Rs. 250 Concessional Fee for Online Application
- Only PAN Number and Bank Certificate Required
- Mobile and Email Ids to be Confirmed

Sub: Online IEC: Modification in the Application Process

With a view to improve the online system for filing of IEC applications and to make it more efficient and users friendly it is proposed to modify the existing application form (Annex-I). The revised draft application form is at Annex-II. In the existing Application Form following items are proposed to be deleted/ modified.

SNo. in the existing Application Form (Part-A)	Sub.	Proposed modifications in the revised form
1.	(iii) & (iv)	Landline phone number along with mobile phone number with alternate landline number and alternate mobile number will be required. The applicant is welcome to indicate fax number, if any.
1.	(vi)	Details seeking name, designation and mobile no. of the signatory are being dispensed with as the same is provided for at the last portion of the application.
2.	—	Details of proprietors/partners etc are not being sought.
5.	(v)	Detail of year of opening of bank account is being deleted as the same is a part of the bank certificate as per 18-A of HBP(Vol-1).

Further, following changes are also under consideration:

- Both options: online and manual applications will be available.
- Differential fees: online – Rs.250/- and manual Rs.2500/-. The differential is intended to encourage applicants to submit applications online.
- Though IEC is a permanent number, if one does not utilize the IEC number for import/export transaction within two years of issue of the IEC, the same would automatically stand frozen. IEC shall also be deemed cancelled if it remains unutilized for further three years from the date it is frozen.

IV. The documents to be submitted: only two documents viz. copy of PAN Number and bank certificate as per App-18-A of HBP (Vol-1). Also provisions will be made for attachment of documents electronically.

V. A robust system is being devised to confirm the applicant's mobile number and Email I.D.

VI. The instructions are to be integrated with application process so that instructions are simultaneously available to the applicant while filing application.

Views /Comments on the above proposal maybe emailed to shyama.roy@nic.in before 1st January, 2014.

Rupee Value under Indo-USSR Deferred Payment Protocols Revised to Rs. 83.564155 w.e.f. 12 Dec '13

Sub: Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

AP(DIR Srs) Cir.80 16.12.2013 (RBI) Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to A.P. (DIR Series) Circular No.76 dated November 19, 2013, wherein the Rupee value of the Special Currency Basket was indicated as Rs.86.513657 effective from November 18,2013

2. AD Category-I banks are advised that a further revision has taken place on December 09, 2013 and accordingly, the Rupee value of

the Special Currency Basket has been fixed at Rs.83.564155 with effect from December 12, 2013.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

RBI Permits ECB by Holding Companies for Special Purpose Vehicles in the Infrastructure Projects

Sub: External Commercial Borrowings (ECB) by Holding Companies / Core Investment Companies for the project use in Special Purpose Vehicles (SPVs)

AP(DIR Srs) Cir.78 03.12.2013 (RBI) Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the A.P. (DIR Series) Circular No. 5 dated August 1, 2005 as amended from time to time relating to the External Commercial Borrowings (ECB).

2. In order to strengthen the flow of resources to infrastructure sector, it has been decided to permit Holding Companies / Core Investment Companies (CICs) coming under the regulatory framework of the Reserve Bank to raise ECB under the automatic route/approval route, as the case may be, for project use in Special

Dimethylamine Hydrochloride, Sodium Cyanide and Sodium Fluoride Export Restricted

Subject: Restriction on export of certain chemicals.

56-Ntfn(RE) 12.12.2013 In exercise of powers conferred by Section 5 of the (DGFT) Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) read with Para 1.3 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, restricts export of following chemicals:

SNo.	Item	ITC(HS) Code
1	Dimethylamine Hydrochloride	29211190
2	Sodium Cyanide	28371990
3	Sodium Fluoride	28261990

2. ITC(HS) Codes mentioned in the above table are indicative. Export of all the 3 item indicated in the above table shall be restricted even if exported under any other ITC(HS) codes.

3. Effect of this notification

Export of above mentioned three chemicals has been "Restricted". Export of these items would now be permitted under license.

Purpose Vehicles (SPVs) with the following terms and conditions:

- The business activity of the SPV should be in the infrastructure sector where "infrastructure" is defined as per the extant ECB guidelines;
- The infrastructure project is required to be implemented by the SPV established exclusively for implementing the project;
- The ECB proceeds is utilized either for fresh capital expenditure (capex) or for refinancing of existing Rupee loans (under the approval route) availed of from the domestic banking system for capex as per the extant norms on refinancing;
- The ECB for SPV can be raised up to 3 years after the Commercial Operations Date of the SPV;
- The SPV should give an undertaking that no other method of funding, such as, trade credit (if for import of capital goods), etc. will be utilized for that portion of fresh capital expenditure financed through ECB proceeds;
- The ECB proceeds should be kept in a separate escrow account as per the extant guidelines on parking of ECB proceeds pending utilization for permissible end-uses and use of such proceeds should be strictly monitored by the ADs for permissible uses;
- In case of Holding Companies that come under the Core Investment Company (CIC) regulatory framework of the Reserve Bank, the additional terms and conditions for raising ECB for project use in SPVs will be as under:
 - The ECB availed is within the ceiling of

leverage stipulated for CICs, i.e., their outside liabilities including ECB cannot be more than 2.5 times of their adjusted net worth as on the date of the last audited balance sheet; and

b) In case of CICs with asset size below Rupees 100 crore, the ECB availed of should be on fully hedged basis.

3. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of extant ECB guidelines (including provisions contained in A.P. (DIR Series) Circulars No. 25 and 111 dated September 23, 2011 and April 20, 2012 to the effect that maximum 25 per cent of ECB raised by the infrastructure companies can be utilised for refinancing of the Rupee loans availed from the domestic banking system (40 per cent in case of power sector) under the approval route) shall remain unchanged.

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

5. 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.

CCEA Approves Continuation of Free Export of Sugar without QRs



The Cabinet Committee on Economic Affairs has approved the proposal of the Department of Commerce to continue export of sugar, without any quantitative restriction, in view of the surplus availability of sugar in the domestic market.

There will be no financial outgo on the part of the Government of India on account of this approval. This is expected to give a positive signal to exporters and the international community on the efforts of the Government of India to pursue a stable, long term and consistent export policy regime in the agriculture sector.

[Source: PIB (CCEA) Press Release dated 19th December 2013]

Interest Free Loans to Sugar Mills, More Farmer Subsidies, Steps to Boost Sugar Consumption

The Cabinet Committee on Economic Affairs (CCEA) approved interest-free loan for the ailing sugar industry to pay off cane arrears.

A loan of around Rs 6,000-7,000 crore would be extended to the sugar industry from the Sugar Development Fund

The interest amount would be paid by the Centre.

This bailout package has been announced to rescue the farmers and liquidate cane arrears.

Due to high state-advised cane prices and falling sugar prices, mills are unable to pay the cane farmers.

The informal group of ministers, headed by agriculture minister Sharad Pawar, had suggested in their proposal that the loan should strictly be used to pay cane farmers.

Earlier this week, Pawar said: "this proposal will go in two phases - one this week and the final next week."

Hailing the decision, the sugar industry hoped clearing the past cane arrears through this loan. "It's a wonderful gesture by the Union government for farmers and the industry at the same time. The loans will ensure timely payment to farmers to that extent at least, including the clearance of past cane arrears of Rs. 3,000 crore," said Abinash Verma, director general, Indian Sugar Mills Association (ISMA).

He also said the loan would help the industry reduce the interest burden by around Rs500 crore annually in the next five years.

Prime minister Manmohan Singh had appointed an informal group of ministers in November this year to look in to the issues of sugarcane farmers and sugar industry. Finance minister P Chidambaram, civil aviation minister Ajit Singh, petroleum minister Veerappa Moily and food minister KV Thomas are a part of the PM-appointed panel.

Other key measures, which have been proposed by the PM-appointed committee of ministers, are incentives to produce 4 million tonne of raw sugar and setting up of buffer stock, besides doubling ethanol blending in petrol to 10 per cent from the current 5 per cent.

Exchange Rates for Customs Valuation

Rupee Falls to 62.90 for Customs Valuation on Imports w.e.f. 20 Dec 2013

131-Cus(NT) In exercise of the powers conferred by section 14 of the 19.12.2013 Customs Act, 1962 (52 of 1962), and in super session of the notification of the Government of India in the (DoR)

Ministry of Finance (Department of Revenue) No.117/

2013-CUSTOMS (N.T.), dated the 5th December, 2013 vide number S.O.3589(E), dated the 5th December, 2013, 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 20th December, 2013** 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.

SNo.	Currency	Imported Goods		Exported Goods	
		Current	Previous	Current	Previous
(1)	(2)	(3)		(4)	
		(a)	(b)		

Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees

1.	Australian Dollar	55.80	56.50	54.30	55.15
2.	Bahrain Dinar	170.25	168.60	160.90	159.35
3.	Canadian Dollar	58.90	58.60	57.45	57.15
4.	Danish Kroner	11.60	11.45	11.25	11.10
5.	EURO	86.15	84.85	84.15	82.90
6.	Hong Kong Dollar	8.10	8.05	8.00	7.90
7.	Kuwait Dinar	227.40	224.55	214.85	212.05
8.	Newzeland Dollar	51.75	51.40	50.45	50.10
9.	Norwegian Kroner	10.30	10.20	10.00	9.90
10.	Pound Sterling	103.30	102.30	101.00	100.05
11.	Singapore Dollar	49.90	49.80	48.80	48.65
12.	South African Rand	6.20	6.10	5.85	5.75
13.	Saudi Arabian Riyal	17.10	16.95	16.15	16.00
14.	Swedish Kroner	9.65	9.65	9.35	9.35
15.	Swiss Franc	70.45	69.40	68.75	67.55
16.	UAE Dirham	17.45	17.30	16.50	16.35
17.	US Dollar	62.90	62.30	61.90	61.30

Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

1.	Japanese Yen	60.70	61.10	59.30	59.65
2.	Kenya Shilling	74.70	73.45	70.20	69.20

[F.No.468/03/2013-Cus.V]

Workers Remittances well above FDI, Aid and Donations

Worldwide, the picture of financial flows to lower-income countries (not including exports).

Remittances	\$354 billion
Foreign Direct Investment	\$290 billion
Aid:	\$161 billion
Private charities & NGOs	\$32 billion?*

* OECD estimate of aid provided "by NGOs."

Official aid and charitable donations aim to improve governance, provide emergency help after disasters, and support public services like schools and vaccination systems. FDI is a private-sector flow designed for profit, employment, and growth; remittances are direct financial support to families and neighbors. The world's ordinary working people do at least as much as the wealthy, the famous, and the powerful to ease poverty, add equity to growth, and change things a bit for the better.

The World Bank's most recent estimate (in October 2013) estimated a global \$550 billion remittance total.

This includes \$140 billion sent home to wealthy countries (e.g. from

American petroleum engineers working in the Gulf states, securities traders in London, etc.) and \$60 billion sent to China. Subtracting these, we get the \$354 billion for lower-income countries.

India was the top recipient at \$71 billion, followed by the Philippines at \$26 billion, Mexico at \$23 billion, and then Nigeria, Egypt, Pakistan, Bangladesh, and Ukraine.

Relative to national economies, smaller countries rely most on remittances, with land-locked countries and small island states, with Central Asia, Nepal, Lesotho, Swaziland, and other low-income landlocked countries joining island states like Haiti and Samoa at the top.

Remittances cost some money, and typically fees for small wires sent by low-income workers remain noticeably higher than money-management fees levied on wealthy financial-services clients. The most efficient remittance services for workers are in Singapore: by the World Bank's estimate, a Thai worker in Singapore

helping family pay for the Phi Mai (New Year's) party next week will lose only \$2.75 of her \$200 wire to fees. The most expensive are intra-African wires - a Malawi miner sending \$200 home will lose \$47 to banking and wire fees.) The U.S., source of \$125 billion in remittances or a quarter of the global total, is toward the efficient end of the scale, with an average cost of 6.4 percent.

Comparisons

Aid - Tallying worldwide development-aid programs, the OECD finds its 31 members offering \$126 billion in development, economic, and other aid programs in 2012. Slightly more than half came from European countries, led by the UK's \$13.7 billion, Germany's \$13.1 billion, and France's \$12.1 billion. The U.S. remained the largest single donor country at \$27 billion, and Japan at \$10.5 billion. Adding multilateral agencies, and a few other countries (Saudi Arabia, Russia, Kuwait, the United Arab Emirates, and Thailand, but not China, Taiwan, or India) OECD

statisticians get a full figure of \$161 billion in aid flows as of 2011:

Investment - Figures on foreign direct investment in lower-income countries come from the UN Conference on Trade and Development's World Investment Report 2013. Removing the Gulf monarchies, Russia, China, Hong Kong, Taiwan, Korea, and Singapore, FDI in developing countries at \$290 billion for 2012, with the largest recipients Brazil at \$65 billion, Chile at \$30 billion, and Indonesia at \$20 billion. By way of comparison, the U.S. was at \$167 billion, China \$121 billion, and the UK \$62 billion.

Inter Ministerial Committee Fixes Onion MEP to Promote Export

Minimum Export Price (MEP) of Onion is fixed by an Inter-ministerial Committee (IMC), in terms of the decision of the Cabinet Committee on Prices held on 10th June, 2000. The IMC is chaired by Joint Secretary, Department of Commerce. Managing Director-NAFED, Joint Secretary, Department of Agriculture & Cooperation and Economic Advisor, Department of Consumer Affairs are its members. This committee takes stock of the arrival of onion and modal prices prevailing in the important production and consumption centres and decides the MEP of onion accordingly

In the recent months starting from July, 2013, there was a sudden spike in the prices of Onions all across the Country. The high prices continued through the months of August, September, October and November on account of various issues like untimely rains, supply constraints, less than expected production, initial speculative hoarding activities by unscrupulous traders, overall food inflation etc.

The Govt. acted swiftly by imposing an MEP of USD 650 PMT on 14th August, 2013 followed by further hikes as under:

- USD 900 PMT on 19th September, 2013
- USD 1150 PMT on 1st November, 2013

to augment domestic supplies and prevent any further rise in prices of onions.

However, the Inter Ministerial Committee (IMC), after factoring in improvement in the arrivals in the latter half of November and 1st Week of December, 2013, decided to reduce the MEP to 800 USD PMT in its meeting held on 10th December, 2013.

Now that the arrivals have shown marked improvement and on the expectation of better crop prospects and the sharp decline in the wholesale modal prices in production mandis of Maharashtra and other places, it has now been decided by the Government to slash the MEP to USD 350 PMT with immediate effect.

This will not only help in arresting the sharp decline in prices realised by the farmers but would also make Indian export of onions more competitive in the international markets and thereby help in stabilizing the onion prices in the domestic markets by balancing the interests of both farmers and consumers.

[Source: PIB (MoC&I) Press Release dated 19th December 2013]

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