Postal Regn.No. DL(C)-01/1251/12-14
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RNI No. 42906/84

WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 $2

Vol. XXIX No 43 16-22 January 2013

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

Annual subscription Rs 750

India Cries Off from Plurilaterals

Loses Future Options in Trade?

India will not accept any agreement on IT and environmental goods which is being proposed by a group of developed nations at WTO, as it would adversely impact the domestic industry, a top official said.

Rich nations, including the US, wants India and other emerging economies to be part of the four major sectoral pacts - trade facilitation (TF), information technology (IT), environmental goods and international services agreement.

"On IT and environmental goods agreement, India has clearly showed its reluctance. We are against this approach. On TF, we have not said no, but we are viewing the situations and on international services agreement, we will continue to observe it from a distance and later on take a view," the official said.

On these four matters, developed countries wants to go plurilaterally. In other words, the trade benefits arising out of such an agreement will be shared only by signatories.

The plurilateral agreement on these issues that the US and Europe seem to be eager to ink would exclude the interests of developing and the least developed countries, the official added.

The official also said that the developed economies instead of focusing on the issues of Doha Round, they want to sign agreements which would benefit more to them instead of developing and least developed nations.

Explaining how rich nations are pushing their own agendas on poor and developing economies, he said that under the IT agreement, they want to include 357 products out of which 50 items belong to non-IT category like washing machines, refrigerators and window AC.

Similarly 136 are dual use products in which developed countries have suggested to eliminate duties. There are another 50 items on which domestic industry has expressed serious sensitivities.

"One of the objectives of (developed world) all these four proposals is to cash them and then forget Doha and that is what exactly we do not want to happen. That is one the main reason why we are acting soberly and with so much of caution ... Once you harvest these agreements, there is nothing left in Doha for countries like the US," he said.

Big differences between developing and developed countries have bedevilled the WTO talks, which were launched in 2001 in the Qatari capital with the goal of helping poor countries prosper through enhanced trade.

India has also rejected the US allegation that developing countries are seeking significant concessions for pushing the global trade deal under WTO.

Rich nations are hampering the conclusion of Doha Round, stalled since 2001, the official added.

"The US and other developed nations are again bringing those issues which were agreed earlier and are also pushing new agendas like trade facilitation, international services agreement and information technology," the official said.

The official was responding to the comments made by US Deputy National Security Adviser for International Economic Affairs Michael Froman, who is tipped to be the next US Trade Representative.

Froman is reported to have said that "a small group of middle income countries particularly India is standing in the way (of concluding Doha Round of talks) because they want to be 'paid' by developed countries for agreeing to something that is beneficial to the global trading system, especially poorer countries".

The negotiations have seen numerous deadlines come and go amid basic disagreement over rich-country farm subsidies and access to developing-country markets for manufactured goods.

India, South Africa Agree for Early Finalisation of India-SACU PTA Negotiations

India's Concerns on Market Access to Bovine Meat

The Union Minister for Commerce, Industry & Textiles Anand Sharma and Mr Rob Davies, Minister of Trade and Industry, Republic of South Africa, on 14 January reviewed the India- Southern African Custom Union (SACU) Preferential Trade Agreement (PTA) negotiations in Johannesburg. Both the Ministers agreed for the need for early finalisation of the India and SACU PTA. Mr. Sharma requested Mr. Davies to take up the issue of India-SACU PTA negotiations and requested him to use his good offices to expedite SACU's response to India's proposal of average Margin of Preference (MOP) in the PTA so that the two sides can accordingly finalise and exchange their respective responses to the tariff request lists and thereby take the negotiations forward. Both sides have instructed the officials to meet and thrash out the differences. Earlier, Mr. Sharma had written to Mr. Davies on the same issue.

Both the Ministers also decided to meet before the next BRICS Trade Ministers' Summit and also agreed to coordinate stances on World Trade Organisation (WTO) issues.

Mr. Sharma also expressed India's concerns at the temporary suspension placed by the South African authorities on frozen boneless buffalo meat imports from India. It is to be noted that after recently granting market access to deboned and deglaned frozen boneless buffalo meat from India by approving one abattoir cum meat processing unit in Maharashtra in January, 2011, same has been temporarily suspended in the month of May 2011. Mr. Sharma has requested that the matter may be looked into as the Indian meat conforms to the highest international norms and standards.

The Commerce Minister also mentioned that India and South Africa should be able to reach the bilateral trade target of USD 15 billion for 2014, set by us January, 2011, well before 2014. While the total trade between India and South Africa stood at USD 10.53 billion for 2010, it rose to USD 13.65 billion for 2011. *[Source: PIB(MoC&I) Press Release dated 14 January 2013]*

Dollar Exports Fall 1.9%, Imports Gain 6.3% in Dec 2012

Exports (including re-exports)

Exports during December, 2012 were valued at US $ 24877.57 million (Rs. 135950.47 crore) which was 1.92 per cent lower in Dollar terms (1.75 per cent higher in Rupee terms) than the level of US $ 25365.69 million (Rs. 133618.61 crore) during December, 2011. Cumulative value of exports for the period April-December 2012 - 13 was US $ 214099.77 million (Rs 1166438.69) as against US $ 226551.09 million (Rs 1066668.31 crore) registering a negative growth of 5.50 per cent in Dollar terms and growth of 9.35 per cent in Rupee terms over the same period last year.

Imports

Imports during December, 2012 were valued at US $ 42549.50 million (Rs.232523.66 crore) representing a growth of 6.26 per cent in Dollar terms and 10.23 per cent in Rupee terms over the level of imports valued at US $ 40044.06 million (Rs. 210939.69 crore) in December, 2011. Cumulative value of imports for the period April-December, 2012-13 was US $ 361271.88 million (Rs. 1967521.83 crore) as against US $ 363867.81 million (Rs. 1714432.42 crore) registering a negative growth of 0.71 per cent in Dollar terms and growth of 14.76 per cent in Rupee terms over the same period last year.

Crude Oil and Non-Oil Imports

Oil imports during December, 2012 were valued at US $ 14429.7 million which was 23.56 per cent higher than oil imports valued at US $ 11678.7 million in the corresponding period last year. Oil imports during April-December, 2012-13 were valued at US $ 124520.8 million which was 12.18 per cent higher than the oil imports of US $ 111002.9 million in the corresponding period last year.

Non-oil imports during December, 2012 were estimated at US $ 28119.8 million which was 0.87 per cent lower than non-oil imports of US $ 28365.4 million in December, 2011. Non-oil imports during April - December, 2012-13 were valued at

US $ 236751.1 million which was 6.37 per cent lower than the level of such imports valued at US $ 252864.9 million in April - December, 2011-12.

Trade Balance

The trade deficit for April - December, 2012-13 was estimated at US $ 147172.11 million which was higher than the deficit of US $ 137316.72 million during April -December, 2011-12.

Exports & Imports: (US $ Million)

(Provisional)

	December	April-December
Exports (including re-exports)		
2011-12	25365.69	226551.09
2012-13	24877.57	214099.77
%Growth2012-13/ 2011-2012	-1.92	-5.50
Imports		
2011-12	40044.06	363867.81
2012-13	42549.50	361271.88
%Growth2012-13/ 2011-2012	6.26	-0.71
Trade Balance		
2011-12	-14678.37	-137316.72
2012-13	-17671.93	-147172.11

[Source: PIB (MoC&I) Press Release dated 11th January 2013]

World Bank Cuts Growth Forecasts as Developed Nations Lose Steam

The World Bank cut its global growth forecast for this year as austerity measures, high unemployment and low business confidence weigh on economies in developed nations.

The Washington-based bank on 15 January projected the world economy will expand 2.4 percent, down from a June forecast of 3 percent, after growing 2.3 percent in 2012. It halved its forecast for Japan, cut the U.S. projection by 0.5 percentage point and predicted a second year of contraction in the euro region. It also lowered projections for emerging markets led by Brazil, India and Mexico.

"Overall, the global economic environment remains fragile and prone to further disappointment, although the balance of risks is now less skewed to the downside than it has been in recent years," the World Bank said in its twice-yearly report.

Developed economies failed to gain steam in 2012 even after measures to stem the European debt crisis helped boost financial markets around the world. Uncertainties surrounding a U.S. political agreement on spending cuts and Japan's diplomatic tensions with China may weigh further on the global economy just as emerging markets recover from one of their slowest growth rates of the past decade.

Major Recommendations of Expert Committee on GAAR Accepted

The Central Government has carefully considered the report of the Expert Committee on General Anti Avoidance Rules (GAAR) and accepted the major recommendations of the Expert Committee with some modifications. This was announced by the Union Finance Minstar P. Chidambaram on 14 January 2013 in a press conference. The Finance Minister said that the following decisions have been taken by Government in this regard:

(i) An arrangement, the **main purpose of which is to obtain a tax benefit**, would be considered as an impermissible avoidance arrangement. The current provision prescribing that it should be "the main purpose or one of the main purposes" will be amended accordingly.

(ii) The assessing officer **will be required to issue a show cause notice**, **containing reasons**, to the assese before invoking the provisions of Chapter X-A.

(iii) The assese shall have an **opportunity to prove** that the arrangement is not an impermissible avoidance arrangement.

(iv) The two separate definitions in the current provisions, namely, 'associated person' and 'connected person' will be combined and **there will be only one inclusive provision defining a 'connected person'**.

(v) The **Approving Panel** shall consist of a Chairperson who is or has been a Judge of a High Court; one Member of the Indian Revenue Service not below the rank of Chief Commissioner of Income-tax; and one Member who shall be an academic or scholar having special knowledge of matters such as direct taxes, business accounts and international trade practices. The current provision that the Approving Panel shall consist of not less than three members being Income-tax authorities or officers of the Indian Legal Service will be substituted.

(vi) The Approving Panel **may have regard to** the period or time for which the arrangement had existed; the fact of payment of taxes by the assessee; and the fact that an exit route was provided by the arrangement. **Such factors may be relevant but not sufficient** to determine whether the arrangement is an impermissible avoidance arrangement.

(vii) The **directions** issued by the Approving Panel **shall be binding on the assese as well as the Income-tax authorities**. The current provision that it shall be binding only on the Income-tax authorities will be modified accordingly.

(viii) While determining whether an arrangement is an impermissible avoidance arrangement, it will be ensured that the **same income is not taxed twice** in the hands of the same tax payer in the same year or in different assessment years.

(ix) Investments made before August 30, 2010, the date of introduction of the Direct Taxes Code, Bill, 2010, will be grand-fathered.

(x) GAAR **will not apply to such FIIs that choose not to take any benefit under an agreement** under section 90 or section 90A of the Income-tax Act, 1961. GAAR will also **not apply to non-resident investors in FIIs**.

(xi) A **monetary threshold of Rs. 3 crore of tax benefit** in the arrangement will be provided in order to attract the provisions of GAAR.

(xii) Where a part of the arrangement is an impermissible avoidance arrangement, GAAR will be **restricted to the tax consequence of that part** which is impermissible and not to the whole arrangement.

(xiii) Where GAAR and SAAR are both in force, **only one of them will apply** to a given case, and guidelines will be made regarding the applicability of one or the other.

(xiv) Statutory **forms will be prescribed** for the different authorities to exercise their powers under section 144BA.

(xv) Time limits will be provided for action by the various authorities under GAAR.

(xvi) Section 245N(a)(iv) that provides for an **advance ruling by the Authority for Advance Rulings (AAR)** whether an arrangement is an impermissible avoidance arrangement will be retained and the administration of the AAR will be strengthened.

(xvii) The tax auditor will be **required to report any tax avoidance arrangement**.

Further, having considered all the circumstances and relevant factors, the Government has also decided that the **provisions of Chap-**

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WEEKLY INDEX OF CHANGES

No DGFT Registration for Pharma Grade and Specialty Sugar Exports

Subject: Export of Pharmaceutical Grade Sugar and Specialty Sugar.

29-Ntfn(RE) 11.01.2013 (DGFT) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, hereby makes the following amendments in Notification No. 117 (RE-2010)/2009-2014 dated 14.05.2012 in respect of Sl. No. 93 in Chapter 17 of Schedule 2 of ITC(HS) Classification of Export and Import Items.

2. The existing entries against Sl. No. 93 in Notification No. 117 (RE-2010)/2009-2014 dated 14.05.2012 are substituted as follows:

SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
93	1701 00 00	Kg	(a) Sugar *	Free	Prior registration of quantity with DGFT.
		Kg	(b) Preferential Quota Sugar to EU and USA	STE	Export permitted through M/s. Indian Sugar Exim Corporation Limited subject to quantitative ceiling notified by DGFT from time to time.

*Export of Pharmaceutical Grade Sugar [(i) Sucrose IP/BP/EP/USP/JP and (ii) Sucrose AR & LR] and Specialty Sugar [(i) Sugar cubes (ii) Sugar sachets (white & brown) (iii) Castor sugar (iv) Demerara sugar (v) Light brown sugar (vi) Icing sugar (vii) Fondant icing sugar (viii) Kathali sugar (ix) Candy sugar (x) Rainbow sugar (xi) Pearl sugar and (xii) Trimoline (invert sugar)] would not be subject to registration requirement.

3. Effect of this notification

Export of Pharmaceutical Grade Sugar and Specialty Sugar will not be required to be registered with DGFT. Every other type of sugar would continue to be subject to registration before export.

Drawback Cap of Rs. 1344 and Rs. 2688 Notified on High Alumina Bricks and Magnesite Carbon Bricks

04-Cus(NT) 15.01.2013 (DoR) In exercise of the powers conferred by sub-sections (2) and (3) of section 75 of the Customs Act, 1962 (52 of 1962), sub-sections (2) and (2A) of section 37 of the Central Excise Act, 1944 (1 of 1944), section 93A and sub-sections (2) and (3) of section 94 of the Finance Act, 1994 (32 of 1994), read with rules 3, 4 and 5 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, the Central Government, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 92/2012-Customs (N.T.), dated the 4th October, 2012 published vide number G.S.R. 742 (E), dated the 4th October, 2012, namely:-

In the Schedule to the said notification, in Chapter 69 relating to "CERAMIC PRODUCTS", for tariff items falling under heading 6902 and the entries relating thereto, the following tariff items and entries shall be substituted, namely :-

Tariff Item	Description of Goods	Unit	Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.	Drawback Rate	Drawback cap per unit in Rs.
"690201	High Alumina (Bubble Alumina Based) Bricks and Shapes and/or Castables and Mortars	MT	3.2%	2688	3.2%	2688
690202	High Alumina (Synthetic Base) Bricks/Shapes and/or Ramming Mass, Castables and Mortars	MT	3.2%	2957	3.2%	2957
690203	High Alumina Blast Furnace Stove Bricks/ Shapes and Mortars	MT	3.2%	2688	3.2%	2688
690204	High Alumina Bricks and Shapes and/or Ramming Mass, Castables and Mortars	MT	3.2%	2688	3.2%	2688
690205	Magnesia Dolomite Bricks and Shapes and/or Ramming Mass, Castables and Mortars	MT	3.2%	1344	3.2%	1344
690206	Magnesite Chrome Magnesia Co-clinker Bricks and Shapes and/or Ramming Mass, Castables and Mortars	MT	3.2%	1920	3.2%	1920
690207	Magnesia Carbon Bricks/Shapes and/ or Ramming Mass, Castables and Mortars	MT	3.2%	1344	3.2%	1344
690208	Magnesite Bricks and Shapes and/or Ramming Mass, Castables and Mortars	MT	3.2%	1344	3.2%	1344
690209	Alumina Carbon Bricks/ Shapes and/ or Ramming Mass, Castables and Mortars	MT	4%	1440	4%	1440
690210	Alumina Carbon/ Slide Gate Plate Refractory and Attachments	MT	3.2%	1344	3.2%	1344
690211	Alumina Fused Cast Refractories	MT	3.2%	1344	3.2%	1344
690212	Chrome Magnesite Bricks and Shapes and/or Ramming Mass, Castables and Mortars	MT	3.2%	1344	3.2%	1344
690213	Alumina Carbon Continuous Casting Refractories and/or Mortars	MT	4%	1440	4%	1440
690299	Others		2%		2%	"

[F. No. 609/135/2012-DBK]

Disposal of Firearms after 10 Years of Import Allowed in Baggage Cases under Transfer of Residence (TR)

Subject: Disposal of firearms imported as baggage under transfer of residence.

04-CBEC 15.01.2013 (DoR) The undersigned is directed to refer to Ministry's letter F.No.497/57/87-Cus-VI, dated 05.01.1998 whereby it was clarified firearms imported as baggage are not allowed to be transferred to any person for consideration or otherwise during the lifetime of the importer and to state that this issue has been re-examined in the context of a reference requesting permission to dispose an imported firearm on ground of old age.

2. In this regard it is observed that DGFT has revised the import policy on disposal of imported firearms vide Public Notice No. 82/2009-2014(RE-2010), dated 17.10.2011. Accordingly, Para 2.43.2 of the Handbook of Procedures Vol.I, 2009-2014 stands modified and amongst other changes it now provides that transfer of imported firearms will not require permission from DGFT after ten years of import. Imports under baggage are exempt from the normal provisions of the Foreign Trade Policy in terms the Foreign Trade (Exemptions from Application of Rules in Certain Cases) Order, 1993. Thus, the said DGFT's Public Notice dated 17.10.2011

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World Prices of Food and Sugar Fall, Metals Rises in Dec 2012

In December 2012, energy and non-energy prices rose by 0.4% and 1.1%, respectively. Food prices are down by 1.3%, beverages declined by 2.1%, raw materials increased by 2.2%, metals rose sharply by 5.2% and fertilizers eased by 0.2%.

Up ↑

Coal; Natural gas LNG

Tea; Soybean meal, Soybean oil and Soybeans

Bananas; Fishmeal; Meat; Shrimp

Logs, Plywood, Sawnwood and Woodpulp;

Cotton and Rubber; Urea

Aluminum, Copper, Iron ore, Lead, Nickel, Tin and Zinc

Platinum

Down ↓

Natural gas; Cocoa and Coffee

Coconul oil, Copra, Groundnuts, Groundnut oil, Palm oil, Palm kernel oil

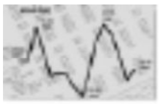
Barley, Maize, Rice and Wheat; Oranges; World Sugar

DAP and TSP

Gold and Silver

Steady ↔

Crude; Thai rice 25%; Rock Phosphate, Potassium Chloride



	Monthly averages			Quarterly averages					Annual averages		
	2012			2011	2012				2010	2011	2012
	Oct	Nov	Dec	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Energy											
Coal, Australia $/mt	81.85	85.89	92.88	↑ 114.91	113.65	95.54	89.40	86.87	98.97	121.45	96.36
Coal, Colombia $/mt	77.46	78.85	81.10	↑ 101.18	91.77	82.22	82.68	79.14	77.97	111.50	83.95
Coal, South Africa $/mt	82.80	85.74	88.84	↑ 106.85	105.00	93.47	87.42	85.79	91.62	116.30	92.92
Crude oil, average $/bbl	103.41	101.17	101.19	↔ 103.16	112.52	102.83	102.77	101.93	79.04	104.01	105.01
Crude oil, Brent $/bbl	111.97	109.71	109.68	↔ 109.29	118.60	108.86	109.95	110.45	79.64	110.94	111.97
Crude oil, Dubai $/bbl	108.73	107.13	105.69	↓ 106.16	116.07	106.18	106.18	107.19	78.06	106.03	108.90
Crude oil, West Texas Int. $/bbl	89.52	86.68	88.22	↑ 94.03	102.88	93.44	92.17	88.14	79.43	95.05	94.16
Natural gas Index 2005=100	110.7	113.6	113.6	↔ 111.3	106.4	106.3	108.0	112.6	91.1	107.3	108.3
Natural gas, Europe $/mmbtu	11.58	11.83	11.79	↓ 11.42	11.51	11.52	11.13	11.73	8.29	10.52	11.47
Natural gas, US $/mmbtu	3.32	3.54	3.34	↓ 3.32	2.46	2.28	2.88	3.40	4.39	4.00	2.75
Natural gas LNG $/mmbtu	15.30	15.28	16.49	↑ 16.58	16.36	17.06	17.56	15.69	10.85	14.66	16.67
Beverages											
Cocoa ¢/kg	246.4	247.8	241.0	↓ 246.8	234.1	228.2	249.4	245.1	313.3	298.0	239.2
Coffee, arabica ¢/kg	382.1	352.5	336.7	↓ 536.2	486.9	400.4	400.0	357.1	432.0	597.6	411.1
Coffee, robusta ¢/kg	230.3	215.3	212.9	↓ 215.9	222.1	231.0	234.1	219.5	173.6	240.8	226.7
Tea, auctions (3) avg. ¢/kg	300.9	301.7	308.3	↑ 279.5	254.9	292.2	308.4	303.6	288.5	292.1	289.8
Tea, Colombo auctions ¢/kg	315.9	311.6	331.0	↑ 316.7	292.7	304.7	308.1	319.5	329.0	326.4	306.3
Tea, Kolkata auctions ¢/kg	298.9	289.2	286.2	↓ 256.4	205.3	289.9	313.4	291.4	280.5	277.9	275.0
Tea, Mombasa auctions ¢/kg	288.0	304.3	307.7	↑ 265.4	266.7	282.0	303.5	300.0	256.0	271.9	288.1
Fats and Oils											
Coconut oil $/mt	898	848	785	↓ 1,377	1,400	1,187	1,013	844	1,124	1,730	1,111
Copra $/mt	591	577	526	↓ 917	933	793	672	565	750	1,157	741
Groundnuts $/mt	1,488	1,418	1,367	↓ 2,646	2,800	2,617	1,858	1,424	1,284	2,086	2,175
Groundnut oil $/mt	2,375	2,303	2,216	↓ 2,245	n.a.	n.a.	2,476	2,298	1,404	1,988	n.a.
Palm oil $/mt	839	813	776	↓ 1,025	1,107	1,088	993	809	901	1,125	999
Palmkernel oil $/mt	862	815	762	↓ 1,250	1,366	1,242	1,020	813	1,184	1,648	1,110
Soybean meal $/mt	601	579	580	↑ 357	392	488	630	587	378	398	524
Soybean oil $/mt	1,175	1,135	1,163	↑ 1,214	1,253	1,236	1,258	1,158	1,005	1,299	1,226
Soybeans $/mt	617	589	607	↑ 488	518	572	672	604	450	541	591
Grains											
Barley $/mt	252.9	252.1	242.9	↓ 210.9	215.6	237.8	258.4	249.3	158.4	207.2	240.3
Maize $/mt	321.2	321.6	308.6	↓ 269.3	277.7	270.2	328.6	317.2	185.9	291.7	298.4
Rice, Thailand, 5% $/mt	558.3	559.3	557.0	↓ 600.1	542.5	582.8	568.3	558.2	488.9	543.0	562.9
Rice, Thailand, 25% $/mt	532.5	530	530	↔ 570.0	534.0	n.a.	547.9	531	441.5	506.0	n.a.
Rice,Thai, A.1 $/mt	520.3	523.0	522.7	↓ 527.6	520.4	545.4	513.3	522.0	383.7	458.6	525.3
Rice, Vietnam 5% $/mt	453.7	448.3	414.3	↓ 551.2	436.9	428.7	433.6	438.8	429.2	513.6	434.5

	Monthly averages				Quarterly averages					Annual averages		
	2012				2011	2012				2010	2011	2012
	Oct	Nov	Dec		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Sorghum $/mt	283.1	289.0	284.0	↓	261.8	269.6	259.4	273.4	285.4	165.4	268.7	271.9
Wheat, Canada $/mt	n.a.	n.a.	n.a.		405.2	378.1	n.a.	n.a.	n.a.	312.4	439.6	n.a.
Wheat, US, HRW $/mt	358.2	360.8	348.0	↓	279.7	278.8	269.0	349.5	355.7	223.6	316.3	313.2
Wheat, US, SRW $/mt	340.2	346.5	325.2	↓	250.5	258.9	251.8	333.4	337.3	229.7	285.9	295.4
Other Food												
Bananas, Europe $/mt	1,117	1,068	1,123	↑	968	1,143	1,171	982	1,103	1,002	1,125	1,100
Bananas, US $/mt	956	934	944	↑	951	1,052	979	960	945	868	968	984
Fishmeal $/mt	1,635	1,812	1,880	↑	1,336	1,300	1,481	1,677	1,776	1,688	1,537	1,558
Meat, beef ¢/kg	401.0	424.7	431.6	↑	407.2	424.7	413.0	400.1	419.1	335.1	404.2	414.2
Meat, chicken ¢/kg	211.3	213.0	215.3	↑	197.0	201.6	207.1	209.7	213.2	189.2	192.6	207.9
Meat, sheep ¢/kg	586.6	582.7	589.3	↑	660.2	644.5	618.3	587.5	586.2	531.4	663.1	609.1
Oranges $/mt	981	847	758	↓	824	771	844	995	862	1,033	891	868
Shrimp ¢/kg	981	1,025	1,066	↑	1,085	1,055	977	970	1,024	1,004	1,193	1,006
Sugar, EU ¢/kg	42.35	41.93	42.87	↑	44.01	42.85	41.93	40.9	42.38	44.18	45.46	42.01
Sugar, US ¢/kg	52.54	49.65	49.2	↓	82.09	75.66	66.63	61.5	50.46	79.25	83.92	63.56
Sugar, world ¢/kg	44.78	42.64	42.57	↓	53.29	52.75	47.05	46.85	43.33	46.93	57.32	47.49
Timber												
Logs, Cameroon $/cum	450.7	449.3	459.4	↑	483.0	463.6	452.6	436.2	453.2	428.6	484.8	451.4
Logs, Malaysia $/cum	350.2	353.0	354.8	↑	409.0	373.3	361.0	355.1	352.7	278.2	390.5	360.5
Plywood ¢/sheets	610.2	611.5	612.9	↑	617.5	612.8	609.9	607.1	611.5	569.1	607.5	610.3
Sawnwood, Cameroon $/cum	766.5	761.3	770.0	↑	774.6	755.5	760.7	755.2	765.9	812.7	825.8	759.3
Sawnwood, Malaysia $/cum	873.4	870.0	879.9	↑	911.8	882.9	883.8	864.3	874.4	848.3	939.4	876.3
Woodpulp $/mt	726.0	746.8	771.9	↑	834.6	781.1	786.8	735.2	748.3	866.8	899.6	762.8
Other Raw Materials												
Cotton ¢/kg	180.7	178.3	183.8	↑	228.4	221.5	198.9	185.6	180.9	228.3	332.9	196.7
Rubber, RSS3 ¢/kg	320.4	297.4	311.0	↑	360.6	385.3	359.1	297.0	309.6	365.4	482.3	337.7
Rubber, TSR20 ¢/kg	295.4	280.0	289.6	↑	358.7	368.8	330.1	275.0	288.3	338.1	451.9	315.6
Fertilizers												
DAP $/mt	573.0	524.8	499.0	↓	605.7	516.6	545.2	565.0	532.3	500.7	618.9	539.8
Phosphate rock $/mt	185.0	185.0	185.0	↔	201.3	195.8	179.4	183.3	185.0	123.0	184.9	185.9
Potassium chloride $/mt	440.2	425.0	425.0	↔	473.0	479.8	461.3	464.8	430.1	331.9	435.3	459.0
TSP $/mt	474.0	447.5	435.0	↓	564.2	440.4	470.4	485.0	452.2	381.9	538.3	462.0
Urea $/mt	396.0	374.2	378.8	↑	437.3	387.3	470.0	381.3	383.0	288.6	421.0	405.4
Metals and Minerals												
Aluminum $/mt	1,974	1,949	2,087	↑	2,094	2,179	1,982	1,929	2,003	2,173	2,401	2,023
Copper $/mt	8,062	7,711	7,966	↑	7,514	8,318	7,889	7,729	7,913	7,535	8,828	7,962
Iron ore $/dmt	114.0	120.4	128.5	↑	140.8	141.8	139.6	111.6	120.9	145.9	167.8	128.5
Lead ¢/kg	214.2	218.2	228.0	↑	199.2	209.1	197.9	198.7	220.1	214.8	240.1	206.5
Nickel $/mt	17,169	16,335	17,449	↑	18,393	19,636	17,186	16,384	16,984	21,809	22,910	17,548
Tin ¢/kg	2,123	2,071	2,288	↑	2,085	2,291	2,063	1,936	2,161	2,041	2,605	2,113
Zinc ¢/kg	190.4	191.2	204.0	↑	190.4	202.5	193.2	189.2	195.2	216.1	219.4	195.0
Precious Metals												
Gold $/toz	1,747	1,722	1,685	↓	1,682	1,692	1,612	1,656	1,718	1,225	1,569	1,670
Platinum $/toz	1,636	1,576	1,582	↑	1,529	1,604	1,500	1,501	1,598	1,610	1,719	1,551
Silver ¢/toz	3,319	3,277	3,187	↓	3,179	3,258	2,941	2,995	3,261	2,015	3,522	3,114

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

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does not apply to imports as baggage. The implication is that the relaxation provided by DGFT does not apply to firearms imported as baggage under transfer of residence and the restriction that these cannot be disposed in any manner during the lifetime of the importer continues to apply. This places persons importing firearms as baggage at a disadvantage viz-a-viz other importers.

3. DGFT was consulted in order to address the inequitable situation aforementioned. DGFT has clarified that the relaxation at their end in regard to allowing the disposal of imported firearms was made in consultation with the Ministry of Home Affairs, amongst others. DGFT has also recommended that it is desirable to liberalize the provision of disposal of firearms imported as baggage and harmonize it with their Public Notice.

4. In view of the above, I am directed to state that Government has decided to allow passengers importing a firearm as baggage on transfer of residence to dispose the same after ten years of import. The disposal will be to persons legally entitled to possess the firearm. The condition that no disposal can take place till ten years of import may be endorsed on the arms licence of the passenger at the time of granting the facility under transfer of residence.

5. Further, in view of the sensitive nature of the item viz. firearm, Government has decided that an eligible person would be allowed to import only one firearm under transfer of residence in his/her lifetime. In other words, even though the facility of transfer of residence can be availed every three years at present, a firearm can be imported only once.

6. Board's instruction vide F.No. 497/57/87-Cus-VI dated 05.01.1988 and subsequent Circulars including Circular No. 63/1995 Cus., dated 07.06.1995 stand modified to the aforementioned extent.

7. The change in Government policy may be brought to the notice of all concerned. Difficulty, if any, in implementing this decision may be immediately informed to the Board.

F.No.401/179/2012 –Cus III

Tariff Value

Gold and Silver Up by US$31/10 gms and US$20/kg; RBD Palmolein US$28/MT

03-Cus(NT) 15.01.2013 (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

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value US $ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	447 (i.e. no change)
2	1511 90 10	RBD Palm Oil	476 (i.e. no change)
3	1511 90 90	Others – Palm Oil	462 (i.e. no change)
4	1511 10 00	Crude Palmolein	481 (i.e. no change)
5	1511 90 20	RBD Palmolein	**863**
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)	**4106**
9	1207 91 00	Poppy seeds	**4395**

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	**542** 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	**999** per kilogram

[F. No. 467/01/2013-Cus.-V]

Chennai Excise Intelligence Claims Recovers Rs. 76.88 crs, Detects Another Rs. 362 crs

During the current Financial Year 2012-13 (upto December 2012),The Directorate General Of Central Excise Intelligence, Chennai Zonal Unit has detected Central Excise duty & Service Tax evasion to the tune of Rs.362.45 Crores and has recovered an amount of Rs. 76.88 Crores on the spot voluntarily from various evaders of Central Excise duty as well as Service Tax. The on-the-spot recovery during the corresponding period in the last Financial Year was about Rs.65.49 Crores and thus the performance during the current Financial Year is up by 17%. During the first three quarters of this Financial Year, the Directorate has come across various types of modus operandi which were adopted by the evaders of central excise duty and service tax.

2. In the Central Excise side, cases were booked against the manufacturers of Iron & Steel products who were suppressing the production and clandestinely removing their dutiable finished goods without payment of duty. Cases where CENVAT credit was taken on the basis of bogus invoices which have been obtained from various firms /registered dealers without actually receiving the corresponding goods /raw materials were also detected. Clearing & Forwarding agents of a reputed watch manufacturer were found to be altering the Maximum Retail Price on watches, subsequent to their clearance from factory, resulting in evasion of central excise duty. Evasion of duty on corrugated boxes made from paper/paperboard by setting up of various dummy units to irregularly avail SSI exemption was also detected.

3. In the Service Tax side,cases were booked against the assesses who are providing Airport Services,Works Contract Services, Banking and Financial Services, Intellectual Property services, Scientific and Technical Consultancy services, Commercial Construction services, Outdoor Catering services, Commercial Coaching services, Business Support / Auxiliary Services,Erection Installtaion & Commissioning services, Mining Services, Manpower Supply Services, Renting of Immovable Property Services. There have also been cases against public sector undertakings booked by this Directorate. It was noticed in a lot of cases where significant amount of Service Tax have been charged and collected by the assesses but same has not been deposited with the government exchequer.

4. Emphasis was given to finalizing investigations to bring certainty to the issue involved which resulted in the issuance of 128 show cause notices involving demand of Rs.428 Crores in this year so far.

[Ref: DGCEI, Chennai Press Note dated 9th January 2013]

Second Hand Machineries Import not Allowed under Government Route FDI

Sub: Foreign Direct Investment (FDI) in India - Issue of equity shares under the FDI scheme allowed under the Government route

AP(DIR Srs) Cir.74 10.01.2013 (RBI)

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Para 3 of A.P. (DIR Series) Circular No. 74 dated June 30, 2011 read with A.P. (DIR Series) Circular No. 55 dated December 9, 2011, allowing thereby issue of equity shares/preference shares under the Government route by conversion of import of capital goods, etc., subject to terms and conditions stated therein.

2. On review of the policy, it has now been decided to amend certain conditions in the aforesaid para. The amended conditions are given in the Annex.

3. All the other conditions contained in the A.P. (DIR Series) Circulars No. 74 dated June 30, 2011 and No. 55 dated December 9, 2011, shall remain unchanged.

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

5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) have been notified vide Notification No. FEMA.229/2012-RB dated April 23, 2012 and Notification No. FEMA.242/2012-RBdated October 19, 2012

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.

Annex

[A. P. (DIR Series) Circular No. dated January, 2013]

c.f. A.P.(DIR Series) Circular No. 74 dated June 30, 2011	Earlier Condition	Revised condition
Para 3(I)	Import of capital goods/machineries/ equipments (including second-hand machineries),	Import of capital goods/machineries/ equipments (excluding second-hand machineries),
Para 3(I)(b)	There is an independent valuation of the capital goods / machineries / equipments (including second-hand machineries) by a third party entity, preferably by an independent valuer from the country of import along with production of copies of documents / certificates issued by the customs authorities towards assessment of the fair-value of such imports;	There is an independent valuation of the capital goods / machineries / equipments (excluding second-hand machineries) by a third party entity, preferably by an independent valuer from the country of import along with production of copies of documents / certificates issued by the customs authorities towards assessment of the fair-value of such imports;

Palm Oil Advances as Soybeans Jump Most in Six Months on Supply

Palm oil gained after soybeans surged the most in more than six months on 13 January on signs that U.S. stockpiles are tightening, increasing concerns that global oilseed supplies may dwindle.

The contract for delivery in March advanced as much as 1.8 percent to 2,413 ringgit ($803) a metric ton on the Malaysia Derivatives Exchange in Kuala Lumpur, before trading at 2,399 ringgit in Kuala Lumpur.

Soybeans rallied 3.3 percent in Chicago, the most at close since July 5, after a U.S. Department of Agriculture report on Jan. 11 showed inventories fell 17 percent from a year earlier to 1.966 billion bushels as of Dec. 1, the lowest in nine years. Exporters sold 120,000 tons to China, the world's biggest consumer, the USDA said on 13 January.

Production in Malaysia, the largest grower after Indonesia, usually peaks in October and November before tapering off. Output this year may match the all-time high of 18.9 million tons recorded in 2011, Choo Yuen May, director-general of the Palm Oil Board said. Production totaled 18.8 million tons in 2012 while stockpiles reached a record of 2.63 million tons in December, data from the board showed.

Refined palm oil for delivery in May increased 0.5 percent to 6,734 yuan ($1,082) a ton on the Dalian Commodity Exchange. Soybean oil for May rose 1 percent to 8,618 yuan a ton.

China Defends Export Data after Economists' Skepticism

China's customs administration said every dollar of trade is documented, defending the quality of export data that analysts at UBS AG and Australia & New Zealand Banking Group Ltd. (ANZ) said may fail to capture the true picture.

"Customs import and export statistics are based upon actual customs declarations," the General Administration of Customs said in an e-mailed statement on 14 January, responding to questions submitted by News Agency on Jan. 11. "In our published export and import data, every dollar has a corresponding customs declaration document to back it."

China's unexpected 14.1 percent export gain in December from a year earlier spurred skepticism from economists at banks including UBS, which cited discrepancies with other nations' trade data. The Ministry of Commerce said on 15 January that exporters hurried shipments before a waiver of inspection fees expired at the end of the month and it was wrong to speculate that the data was false.

After the release of the December data, Goldman Sachs Group Inc. and ANZ cited a divergence from overseas orders in a manufacturing index, while Mizuho Securities Asia Ltd. said the increase could indicate exporters' rush to finish year-end orders and government pressure to report exports before the end of the year to get closer to the official 2012 target of 10 percent trade growth.

"It is possible that local governments may have tried to boost exports data by either making round trips in special trade zones" or by exporting "earlier than otherwise in an attempt to improve the annual exports data," Goldman Sachs' Beijing- based economists Yu Song and Yin Zhang wrote in a Jan. 10 note.

Customs collects trade statistics "in accordance with the relevant laws and regulations," according to the agency's statement. Companies within special-trade zones, or bonded zones, that have actual transactions with overseas partners are included in the statistics, while transactions with domestic companies aren't included in data, customs said.

Japan Unveils 10.3tn Yen Fiscal Stimulus

The Japanese gov-ernment will spend 10.3 trillion yen ($116 billion) to drive a recovery from a recession in Prime Minister Shinzo Abe's first major policy initiative to end deflation and boost growth.

About 3.8 trillion yen will be for disaster prevention and reconstruction, with 3.1 trillion yen directed to stimulating private investment and other measures, according to a statement released on 11 January by the Cabinet Office. Extra spending will increase gross domestic product by about 2 percentage points and create about 600,000 jobs, the government said.

A pick-up in China's inflation reported today highlighted a rebound in Asia's biggest economy that may aid efforts by the newly elected Abe to lead Japan out of its third recession in five years. The stimulus may heighten concern that the government's commitment to fiscal reform is slipping, adding to the risk that a public debt more than twice the size of the economy may trigger a surge in bond yields.

A fiscal boost may help Abe maintain support for his Liberal Democratic Party before upper house elections in July after the yen slid through 89 per dollar today and as stocks extend a rally.

The currency was at 88.92 per dollar as of 5:29 p.m. in Tokyo after touching the weakest since June 2010. The Nikkei 225 Stock Average (NKY) closed 1.4 percent higher for its ninth week of gains, while the MSCI Asia Pacific Index slipped 0.1 percent.

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ter X-A will come into force with effect from April 1, 2016 (as against the current provision of April 1, 2014).

A number of countries have provided for General Anti Avoidance Rules (GAAR) in matters relating to taxation. While *tax mitigation*is recognized, *tax avoidance* is frowned upon. International literature describes tax avoidance as the legal exploitation of tax laws to one's own advantage and an arrangement entered into solely or primarily for the purpose of obtaining a tax advantage.

The principle of GAAR was incorporated in the Direct Taxes Code which was introduced as a Bill in Parliament on August 30, 2010.

Pending consideration of the Bill, the Income-tax Act, 1961 was amended by Finance Bill, 2012 to add Chapter X-A titled 'General Anti-Avoidance Rule'. It became part of the law when the Finance Bill was passed by Parliament. Draft GAAR guidelines were also published. Under the current provisions, Chapter X-A would come into force with effect from April 1, 2014.

A number of representations were received against the provisions contained in Chapter X-A. Hence, on July 13, 2012, the Prime Minister approved the constitution of an Expert Committee on GAAR to undertake stakeholder consultations and finalize the guidelines for GAAR. Accordingly, an Expert Committee consisting of **Dr. Parthasarathi Shome** and three others was constituted on July 17, 2012 with broad terms of reference including consultation with stakeholders and finalizing the GAAR guidelines and a roadmap for implementation.

The Expert Committee submitted its draft report on August 31, 2012 which was placed in the public domain on September 1, 2012. After examining the responses to the draft, the Expert Committee submitted its final report on September 30, 2012.

The final report of the Expert Committee has been now put on the website of the Ministry of Finance i.e. **finmin.nic.in**.

WIndex and DIndex – No. 43 - 16 - 22 January 2013

***See details in www.worldtradescanner.com**

Copper Advances First Time in Four Days on Global Recovery Bets

Copper climbed for the first time in four days as economic data from the U.S. to Japan added to signs of a global economic recovery, boosting prospects for metal demand. Aluminum and zinc also advanced.

Copper for delivery in three months increased 0.3 percent to $8,017.50 a metric ton on the London Metal Exchange in Seoul. The metal is 1.1 percent higher this year, extending a 4.4 percent gain last year, on bets that economic recovery in China, the biggest buyer, will increase demand.

The Commerce Department on 14 January said that retail sales in the U.S. climbed 0.5 percent in December, the most in three months and exceeding the 0.2 percent forecast in a survey. Japan's machinery orders rose more than expected in November.

China's exports rose more than forecast last month and a broad measure of credit surged 28 percent, helping the nation's new leaders sustain a pickup in economic growth after a seven- quarter slowdown.

Copper for April delivery gained 0.6 percent to 58,040 yuan ($9,335) a ton on the Shanghai Futures Exchange. Copper futures for March delivery rose 0.2 percent to $3.6435 a pound on the Comex in New York.

On the LME, lead also rose, while nickel and tin were little changed.

Customs Valuation Exchange Rates

4 January 2012		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	57.70	56.15
2	Bahraini Dinar	148.40	140.05
3	Canadian Dollar	55.80	54.40
4	Danish Kroner	9.85	9.55
5	EURO	73.05	71.25
6	Hong Kong Dollar	7.10	6.95
7	Kenyan Shilling	65.25	61.25
8	Kuwaiti Dinar	199.25	187.40
9	New Zealand Dollar	46.20	44.85
10	Norwegian Kroner	10.00	9.70
11	Pound Sterling	89.95	87.80
12	Singapore Dollar	45.15	44.00
13	South African Rand	6.65	6.25
14	South Arabian Riyal	14.90	14.10
15	Swedish Kroner	8.55	8.30
16	Swiss Franc	60.60	59.05
17	UAE Dirham	15.25	14.40
18	U.S. Dollar	54.85	53.85
Schedule II – [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees **]**			
1	Japanese Yen	63.15	61.45

(Source: Customs Notification 01(NT)/03.01.2013)

Owned, Edited, Published and Printed by Arun Goyal and Printed at Mercury Printers, 602 Choori Walan, Delhi
Published from 24/4866, Sheeltara House, Ansari Road, New Delhi 110002. (INDIA) Phone: 2328 1314; Fax: 91-11-23281314
Email:academy.delhi@gmail.com; Website: worldtradescanner.com
This issue contains 8 pages in all