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Four WTO DG Hopefuls Meet Indian Minister at Davos

The Union Minister for Commerce, Industry & Textiles Anand Sharma met a series of global industrial leaders and his counterparts from various countries at World Economic Forum, Davos on 23 January 2013.

Four contenders for the post of Director General, World Trade Organization, namely, Mrs. Anabel Gonzalez, Minister of Foreign Trade, Costa Rica; Dr. Hermino Blanco Mendoza, Minister of Economy, Mexico; Mr. Tim Groser, Minister of Trade, New Zealand and Dr. Mari Elka Pangestu, Minister of Tourism and Creative Economy, Indonesia met Mr. Sharma and sought India's support for their candidature. Mr. Sharma welcomed their candidature and expressed India's stand regarding need for a DG who is from the developing countries and is committed to the development dimension of WTO negotiations. The leaders also discussed the bilateral issues.

World Business Leaders Chat Sharma

Among the business leaders, Mr. Sharma met Tesco Chairman Sir Richard Braodbent who sought certain clarifications on conditionalities in the new FDI policy for the retail sector. Mr. Sharma assured that all the foreign investors will be provided hand holding and asked him to voice their concerns in writing and offered all help if Tesco decides to send a team to Department for Industrial Policy and Promotion for consultation.

In a meeting with Paul S Walsh, Chief Executive of Diageo, Mr.Sharma was briefed about the company's plans in India. Mr. Walsh termed India as 'fantastic market' and said that their experience with India has been 'great'. He also informed Mr.Sharma that Diageo is exploring the opportunities of marketing Indian Spirits overseas. Mr. Peter Sands, Group CEO, Standard Chartered, discussed the upcoming meeting of India-UK Business Forum co-chaired by Ratan Tata in the first quarter of this year. He also discussed the forthcoming visit of the British Prime Minister to India.

In a meeting with Ms. Petra Laux, Head of Global Public and Government Affairs, Novartis. Mr. Sharma was informed about the company's appreciation for movement towards Market Based Pricing regime in India. Ms. Laux also expressed Novartis' interest in enhancing investment in India. The Minister also met Mr. Richard Olver, Chairman, BAE Systems who pressed for greater liberalisation in defence sector. Mr. Olver also expressed the company's interest in forging new ties with defence sector PSUs of India. Mr. Frans A. van Houten, President & CEO, Royal Philips Electronics, in a meeting with Shri Sharma expressed his interest in manufacturing facilities in India along with the concerns for local sourcing requirement for LED. In a meeting with Mr. John Nelson CEO, Lloyd's, Mr. Sharma was conveyed the hope that the Insurance Bill pending in Parliament will be legislated soon. They were hoping that it was done before the visit of the UK PM but the Parliamentary calendar made it difficult.

[Source: PIB (MoC&I) Press Release dated 24 January 2013]

EU in FTA with India, Canada

The European Union is on the brink of clinching trade deals with both Canada and India, officials have said over the past week. The negotiations for both of these high-profile agreements have faced a series of hurdles and delays in the past, with Brussels launching talks with New Delhi over five years ago and with Ottawa in May 2009.

German ambassador: EU-Canada pact could be done by February

Over three years after their launch, officials have stressed that the talks for the Canada- EU Comprehensive Economic and Trade Agreement (CETA) have made substantial progress, with only a few obstacles left toward completion.

The two sides have reportedly been struggling over intellectual property protections, public procurement, and agricultural market access. Both sides had hoped to conclude the talks by the end of 2012, to the point where the country's top trade officials - EU Trade Commissioner Karel De Gucht, and Canadian Trade Minister Ed Fast - met in November in an effort to resolve some of the more contentious issues at a political level. That deadline, however, was ultimately left unmet.

After failing to reach an agreement by December, some observers have since suggested that there is even more pressure to get the deal done as quickly as possible.

However, officials have expressed renewed optimism as 2013 kicks off that the negotiations might be completed in the coming weeks.

According to a joint study conducted by the two trading partners, a bilateral deal could create real income gains of approximately €11.6 billion for the EU and €8.2 billion for Canada within seven years of implementing the pact. More specifically, increases in bilateral exports could amount to €17 billion, or 24.3 percent, for Brussels, and €8.6 billion, or 20.6 percent, for Ottawa.

The value of bilateral trade in goods between the two trading partners was €52.5 billion in 2011, according to European Commission data, with Canada ranking as the EU's 12th largest trading partner in that same year. The EU, meanwhile, stands as Canada's second largest trading partner after the US.

While officials hope negotiations will be completed by early February, both sides will still have to ratify the pact domestically before it can enter into force.

EU-India pact expected by spring, Indian ambassador predicts

Meanwhile, last week, Dinkar Khullar - India's ambassador to Belgium, Luxembourg, and the EU - told EurActiv that he expected negotiations on his country's planned deal with Brussels to conclude by this spring.

However, he cautioned, "whether the negotiators are able to do so will depend on both the negotiators and the political will." Once completed, the deal is expected to cover over 95 percent of tariff lines between India and the EU.

Negotiators had been previously aiming to complete the Brussels-New Delhi talks - which have struggled over topics such as procurement and services - last year. At the India-EU summit, held last February, European Commission President José Manuel Barroso had announced that the two sides were hoping to finish the talks by autumn 2012 - despite earlier hopes that the negotiations might be done in time for the high-level gathering.

While trade with India amounts to only 2.6 percent of the EU's exports, the EU is India's single biggest trading partner. The value of EU-India trade grew from €28.6 billion in 2003 to €79.9 billion in 2011, according to the European Commission.

US-EU Trade Talks may Begin in Obama Second Term

One of the most high-profile of these is the expected announcement of whether and when Washington and Brussels might launch bilateral trade talks - a move that, experts say, could yield substantial gains for the world's largest trading relationship.

The two sides currently trade €700 billion annually in goods and services; while already having low tariffs between them, experts note that the lowering of non-tariff barriers could have a significant impact on the volume of bilateral trade.

The idea of a US-EU trade deal resurfaced in November 2011, when Obama - together with European Commission President José Manuel Barroso and EU Council President Herman Van Rompuy - directed the Transatlantic Economic Council to form a joint working group in order to assess options for deepening the US-EU economic relationship.

The resulting EU-US High-Level Working Group on Jobs and Growth, led by US Trade Representative Ron Kirk and EU Trade Commissioner Karel De Gucht, issued an interim report in June that found that such a pact would likely be the best option for creating jobs and fostering growth for both sides.

However, the final recommendations - which had been expected this past December - have yet to be released. In the meantime, EU national leaders have publicly reiterated their support for the negotiations in recent weeks, with UK Prime Minister David Cameron pledging to make it a priority during his country's G-8 presidency, and Ireland promising the same as it takes on the EU presidency.

Trade sources have noted that Washington has been more guarded about whether to agree to negotiations, given long-standing disagreements between the two sides on issues such as regulatory standards. US officials, however, have stressed that they want to be sure that the substance is right and that negotiations can indeed be completed in a reasonable timeframe.

The new date for the release of the recommendations has yet to be formally announced; while some have said that the report will be issued this month, others have suggested that the timing might be set to coincide with Obama's annual State of the Union address on 12 February.

Obama may Push Trans-Pacific Partnership

Another trade initiative that is expected to be high on the Washington agenda this year is the Trans-Pacific Partnership (TPP), a set of ongoing negotiations between the US and ten other countries.

The other countries currently involved in the TPP talks are Australia, Brunei, Canada, Chile, Mexico, Malaysia, New Zealand, Peru, Singapore, and Vietnam. Thailand Prime Minister Yingluck Shinawatra has expressed interest in having her country join the negotiations; however, a timeframe for Bangkok to join the talks has not been announced, with all current TPP members having to agree.

Launched in 2005 by four countries before eventually expanding to the current 11 - with Canada and Mexico being the latest to join - the proposed deal has been billed by its proponents as a "21st century" agreement.

According to an outline released in November 2011, the proposed pact will slash tariffs and other barriers to goods and services trade and investment; the goods covered will represent some 11,000 tariff lines. Negotiators also plan to incorporate into the pact issues involving regulatory coherence; competitiveness and business facilitation; small- and medium-sized enterprises; and economic development and governance.

Participating countries had hoped to finalise the negotiations by the end of 2012, before eventually abandoning that deadline. Officials have since said that they hope to finish the talks by October of this year.

The next round of TPP negotiations is slated for 4-13 March in Singapore.

FIEO Hails Cut in Repo and CRR in Monetary Policy Revision

Mr M Rafeeque Ahmed, President, Federation of Indian Export Organisations (FIEO) stated that a moderation in inflation to levels of 7.18% and substantial easing of non-food manufactured products inflation have prompted RBI to cut repo rate, to 7.75% and CRR to 4%., the latter measure infusing180 billions of primary liquidity in the banking system.

FIEO chief stated that the combined impact of these cuts may see some upsurge of bank credit to industry which had decelerated and hopefully a reversal in the average industrial production growth in the first eight months of this fiscal year which was 1.075%, much lower than the 3.95% growth in the comparable period of the previous year.

Cross Border Trade Calculations Cut US Trade Deficit with China

President FIEO, while expressing con cern on the contraction of exports for the eighth month in succession; a slowdown in net exports of services and larger outflows of investment income payments is expected to widen the current account deficit (CAD) further in Q3, beyond the level of 5.4 per cent of GDP recorded in Q2 of 2012-13 stated that improvement of prospects, both on growth and current account, depends on the action of the Government.

Mr Ahmed stated that while signs of stabilisation in global economic activity have been in evidence in recent months, led by stronger than expected growth in the US in Q3, activity in the euro area continues to be in a contraction mode and given that the HSBC Emerging Market Index rose in Q4 and there is a marginal increase in the global composite purchasing managers' index (PMI) in December an assessment of the high growth/high disposable income markets be made and the top 20 markets be selected for additional incentives given the fact that the current account deficit (CAD) needs to be fed by a capital inflow of about $7 billion a month to fund the gap.

FIEO chief stated that the Ministry of Commerce may consider incentivising cross border value addition services by integrating with the global production chain to move up the value chain with value added services. UN data suggests that China's bilateral trade surplus with the United States shrinks by 25% on a value-added basis, reflecting the high level of foreign-sourced content in Chinese exports; one-third of the total value of motor vehicles exported from Germany actually comes from other countries, while nearly 40% of the total value of China's electronics exports come from foreign sources evidencing the increasing importance of value addition services.

WEEKLY INDEX OF CHANGES

Customs Duty on Both Crude and Edible Grades Oils Hiked to 2.5% from Nil

- Near Doubling of Tariff Value to Market Value
- Total Impact 5% plus on Invoice Value
- Our Calculations Show Government to Raise Rs. 2300 crs Customs Revenue on 2011-12 base of Rs. 46,451 crs Import of Vegetable Oils

Ntfn 02
23.01.2013
(DoR)

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments 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**,-

(i) against **S.No.51**, for the entries occurring in column (4) against clauses (A), (B) and (C) of item II of column (3), the entry "**2.5%"** shall respectively be substituted;

(ii) against **S.No.55**, for the entry in column (4), the entry "**2.5%"** shall be substituted;

(iii) against **S.No.57**, for the entry in column (4), the entry "**2.5%"** shall be substituted;

(iv) against **S.No. 62**, for the entry in column (4), the entry "**2.5%"** shall be substituted;

(v) against **S.No. 65**, for the entry in column (4), the entry "**2.5%"** shall be substituted.

[F. No. 354/203/2012-TRU]

Tariff Value Notification

08-Cus(NT)
23.01.2013
(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	802
2	1511 90 10	RBD Palm Oil	853
3	1511 90 90	Others – Palm Oil	828
4	1511 10 00	Crude Palmolein	860
5	1511 90 20	RBD Palmolein	**863**(i.e. no change)
6	1511 90 90	Others – Palmolein	862
7	1507 10 00	Crude Soyabean Oil	1190
8	7404 00 22	Brass Scrap (all grades)	**4106**(i.e. no change)
9	1207 91 00	Poppy seeds	**4395**(i.e. no change)

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 (i.e. no change)
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 (i.e. no change)

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

EHTPs and STPs can File Application to Jurisdictional RAs for Grant of Status Certificate

Subject: Amendment in Para 3.2.1 of Handbook of Procedures Vol. I (RE 2012)/ 2009-14.

45-PN(RE)
29.01.2013
(DGFT)

In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby amends Para 3.2.1of the Handbook of Procedures Vol. I (RE 2012)/ 2009-14:

2. Paragraph 3.2.1 of HBP v1 is amended by addition of a new sentence at the end of the existing paragraph, as under:

Existing paragraph: "3.2.1 Application for status recognition shall be filed with jurisdictional RA / Development Commissioner (DC). However, in cases where export performance of EOUs / SEZs is clubbed together with company / firm / Group Company in DTA, the same will be considered by jurisdictional RA (in DGFT) only."

Amended paragraph: 3.2.1 "Application for status recognition shall be filed with jurisdictional RA / Development Commissioner (DC). However, in cases where export performance of EOUs / SEZs is clubbed together with company /firm / Group Company in DTA, the same will be considered by jurisdictional RA of DGFT only. ***EHTPs and STPs shall file an application of Status Recognition with concerned jurisdictional RA".***

Effect of this Public Notice

By addition of this sentence EHTPs and STPs can apply to the jurisdictional RAs for grant of Status Certificate.

NRIs can Open Forex Vostro Accounts for Payments of Medical Treatment or Hotels Stay

Sub: Memorandum of Instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts of Non-resident Exchange Houses

AP(DIR Srs)
Cir.81
24.01.2013
(RBI)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Part (B) of Annex-I to the A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008 on the captioned subject, as amended from time to time.

2. Items No. 7 and 8 under Part **(B) Permitted Transactions** of Annex-I to the above mentioned circular have been modified and the said modified items may be read as under:

7. Payments to medical institutions and hospitals in India, for medical treatment of NRIs / their dependents and nationals of Gulf Countries, Hong Kong, Singapore and Malaysia.

8. Payments to hotels by nationals of Gulf Countries, Hong Kong, Singapore and Malay-

sia/ NRIs for their stay.

3. All other instructions issued vide A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time will remain unchanged.

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

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

FII Investments in Govt. Securities and Corporate Debt

Sub: Foreign investment in India by SEBI registered FIIs in Government securities and corporate debt

AP(DIR Srs) Cir.80 24.01.2013 (RBI)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time, in terms of which SEBI registered Foreign Institutional Investors (FIIs) may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time. The present limit for FII investments in Government securities is USD 20 billion and for corporate debt is USD 45 billion including sub-limit of USD 25 billion for the bonds of the infrastructure sector.

2. Attention of AD Category-I banks is also invited to A.P.(DIR Series) Circular No.135 dated June 25, 2012 in terms of which FIIs and long terms investors like Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks to be registered with SEBI may invest in Government securities having residual maturity of three years at the time of first purchase upto USD 10 billion within the overall limit of USD 20 billion for FII investment in Government securities subject to terms and conditions, ibid. In respect of infrastructure debt, the condition of lock-in period for the limit of USD 22 billion including USD 10 billion for non resident investment in Infrastructure Debt Funds (IDFs) having lock-in period of 3 years (which is within the overall limit of USD 25 billion for investment in NCDs / bonds in the infrastructure sector) was uniformly reduced to one year.

3. On a review it has now been decided to implement the following changes:

(A) Government Securities

(a) The sub-limit of USD 10 billion for investment by FIIs and the long term investors in dated Government securities stands enhanced by USD 5 billion, i.e., from USD 10 billion to USD 15 billion. Accordingly, the total limit for investment in Government Securities stands enhanced from USD 20 billion to USD 25 billion.

(b) The condition of three year residual maturity of the Government securities at the time of first purchase for the above sub-limit shall no longer be applicable. Thus, residual maturity condition shall not be applicable for the entire sub-limit of USD 15 billion but such investments will not be allowed in short term paper like Treasury Bills, as hitherto.

(c) A summary of revised position for Government Securities is given below:

Instrument	Limit	Investor	Conditions	Remarks
Government securities	USD 10 billion	FIIs	No conditions	-
Government dated securities	USD 15 billion	FIIs and SWF, Multilateral Agencies, Pension/Insurance/ Endowment Funds, Foreign Central Banks	Investments in short term paper like Treasury Bills not permitted	No residual maturity requirement

(B) Corporate Debt

(d) The limit for FII investment in corporate debt in other than infrastructure sector stands enhanced by USD 5 billion, i.e., from USD 20 billion to USD 25 billion However, the enhanced limit of USD 5 billion shall not be available for investment in Certificate of Deposits (CD) and Commercial Papers (CP). Accordingly, the total corporate debt limit stands enhanced from USD 45 billion to USD 50 billion with sub-limit of USD 25 billion each for infrastructure and other than infrastructure sector bonds. In addition, as hitherto, Qualified Foreign Investors (QFIs) shall continue to be eligible to invest in corporate debt securities (without any lock-in or residual maturity clause) and Mutual Fund debt schemes subject to a total overall ceiling of USD 1 billion in terms of A.P.(DIR Series) Circular No.7 dated July 16, 2012. This limit of USD 1 billion shall continue to be over and above the revised limit of USD 50 billion for investment in corporate debt.

(e) The revised limit of USD 25 billion for corporate bonds for other than infrastructure sector shall be available for investment by FIIs and the long term investors like Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks registered with SEBI.

(f) As a measure of further relaxation, it has also been decided to dispense with the condition of one year lock-in period for the limit of USD 22 billion (comprising the limits of infrastructure bonds of USD 12 billion and USD 10 billion for non –resident investment in IDFs) within the overall limit of USD 25 billion for foreign investment in infrastructure corporate bond. The residual maturity period (at the time of first purchase) requirement for entire limit of USD 22 billion for foreign investment in infrastructure sector has been uniformly kept at 15 months. The 5 years residual maturity requirement for investments by QFIs within the USD 3 billion limit has been modified to 3 years original maturity.

4. A summary of revised position for corporate debt limits is given below:

Instrument	Limit	Investor	Conditions	Remarks
(A) Non-Infrastructure Sector				
(i) Listed NCDs/ bonds, CPs	USD 20 billion	FIIs	Investment in CDs not permitted.	No lock-in period requirement; No residual maturity restriction; No original maturity restriction.
(ii) Listed NCDs/ bonds	USD 5 billion	FIIs, SWFs, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks	Investments in CPs and CDs not permitted	No lock-in period requirement; No residual maturity restriction; No original maturity restriction.
(iii) Security Receipts, Perpetual debt instruments, units of domestic mutual funds; "to be listed corporate bonds"	Within the total limit of USD 25 billion for non-infrastructure sector	FIIs	-	No Lock-in period, No residual maturity requirements; No original maturity restriction.
(B) Non-Infrastructure limit for Qualified Foreign Investors (QFIs)				
Listed NCDs, listed bonds, listed units of mutual funds debt schemes, "to be listed corporate bonds"	USD 1 billion	QFIs	-	No lock-in period and no residual maturity requirements; No original maturity restriction.
(C) Infrastructure Sector				
Listed NCDs/ bonds, NCDs/ bonds of NBFC-IFC and unlisted NCDs/ bond in	USD12 billion (within the total limit of	FIIs	Indian companies in infrastructure sector-infrastructure as defined in the ECB guidelines	No lock-in period requirement; Residual maturity at

infrastructure sector	USD 25 billion)		and Non Banking Financial Companies (NBFCs) defined as IFCs	the time of first purchase fifteen months; No original maturity restriction.
Corporate debt - non- convertible debentures/ bonds, non-convertible debentures/ bonds of NBFCs-IFC, Units of Domestic Mutual fund Debt schemes	USD 3 billion (within the total limit of USD 25 billion)	QFIs	NBFCs defined as IFCs - MF schemes that hold at least 25% of debt or equity or both in mutual funds in infra	No lock in period requirement Original maturity of 3 years; .
IDF – Rupee bonds/units registered as NBFC or Mutual Funds	USD 10 billion (within the total limit of USD 25 billion) [investment by NRI not subject to this limit]	FIIs, NRIs, SWFs, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, HNIs registered with SEBI, sub-account of FII or IDF	Infrastructure as defined in the ECB guidelines IDFs set up as NBFCs may invest in debt securities of PPP infra projects and should have completed one year of commercial operations; IDFs set up as Mutual Funds would invest 90% in debt securities of infra companies/ SPV	No lock-in period requirement; Residual maturity at the time of first purchase fifteen months; No original maturity restriction.

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

6. Reserve Bank of India has since amended the relevant Regulations and notified vide Notification No.FEMA.255/2013-RB dated January 19, 2013.

7. 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.

Anti-Corruption CBI Raids Prompts Revenue Secretary Letter to CBDT/CBEC Chiefs

[Office Memorandum (F.No. C.14014/2/2013-Vig) dated 23rd January 2013]

Subject: Instruction regarding Preventive Vigilance

The undersigned is directed to enclose a copy of the OM of even number dated 22.1.2013 on the above subject. Secretary (Revenue) has desired that the OM has to be made available on both CBDT/CBEC systems so that officers may access it.

2. Therefore, CBDT and CBEC are requested to upload a soft copy on their respective systems so that the respective officers can have access to the same.

Office Memorandum

[F.No. C.14014/2/2013-Vig dated 22nd January 2013]

Subject: Instruction regarding Preventive Vigilance

In the recent past, instances of some officers of the Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC) being subjected to searches/investigations by Anti-Corruption Branch of the Central Bureau of Investigation (CBI) have been reported. Some complaints alleging misconduct, misdemeanour exhibited by Officers in their official conduct/ duties have also been received.

2. Incidents of this nature have the potential of eroding the confidence of the taxpaying community and public at large in the Department. I appreciate that misconduct of this nature is limited to only a few misguided officials. Therefore, it is incumbent upon the Department to act firmly and swiftly against such officers.

3. It is needless to emphasize that the Government Servants are expected to discharge their official functions with utmost devotion and integrity. The Government has laid down elaborate dos and don’ts governed by the Conduct Rules and it is expected that all officers abide by them scrupulously.

4. The Vigilance Wings of both the Boards have the prime responsibility to expeditiously conclude disciplinary proceedings in the case(s) of charged officers. While the innocent must be protected, those found indulging in gross misconduct must be subjected to strict punitive action as per extant rules/instructions expeditiously.

5. Preventive Vigilance is critical for any organization. Senior officers must regularly inspect the work of their subordinates. Periodical meetings with Taxpayers, Tax Bar, Chartered Accountants Association, Trade Associations etc. will serve as a good feed back mechanism. Personal counselling, especially of the younger officers is also a mode of correcting instances of inadvertent infringement of Conduct Rules etc.

6. The general reputation of an officer is also an important input for the Administration before taking a view about transfers/postings. The Administration Division in CBDT and CBEC and the field formations must be sensitized about the criticality of rotation of officers between sensitive and non-sensitive assignments. Besides facilitating exposure to all areas of work, this also prevents the possibility of officers developing any vested interest which in turn adversely impacts objective official functioning.

7. Our work environment must maintain Zero Tolerance towards malpractices and corruption. An onerous responsibility is cast on the Senior Officers to lead by example. It is expected that all the vulnerable areas will be secured effectively to eliminate any possible misuse, exploitation or unintended abuse. Not only is personal integrity necessary, it is incumbent upon the supervisory cadre to promote good and ethical behaviour in their subordinate officers.

8. The CBDT and CBEC being the most important revenue garnering agencies of the Central Government, the revenue mobilization endeavour must be premised on the Department personnel exhibiting complete objectivity, integrity and sincerity in their conduct.

9. The Chief Commissioners/Directors General are advised to sensitise the field formations suitably and reiterate the Government’s resolve to provide a tax administration that is free of corruption, bias or favouritism.

US Pushes Services Plurilateral

The US is also one of 21 WTO members currently involved in discussions over beginning negotiations for a plurilateral deal on liberalising trade in services.

The group of WTO members - termed the Real Good Friends (RGF) of Services - has been meeting over the past year to evaluate whether to formally launch the talks, amid scepticism from some other countries over whether such a plurilateral approach could undermine progress in the Doha Round of trade negotiations and the multilateral trading system. The push for a plurilateral services pact comes amid the continued stall in the Doha Round services negotiations, which have seen little movement in recent years.

RGF members finalised an agreement in principle for a framework for negotiations last December, sources told Bridges at the time. The framework is meant to help those members who need a mandate from their capitals to formally participate in negotiations, once those are launched. For others, the framework essentially serves as a summary of the talks to date.

In that context, US Trade Representative (USTR) Ron Kirk formally notified Congress last week of the US’ intention of being part of the negotiations, explaining that “an ambitious, high-standard international services agreement presents a tremendous opportunity to… boost US economic growth and support additional jobs.”

Trade sources have said that negotiations are likely to be launched in March, with the goal of concluding the talks quickly. No set timeline for finishing the talks has been announced.

USTR Kirk announces February departure

Obama's top trade official also announced on 22 January his plans to leave his post in late February. Kirk had already made clear in recent months that he would not be staying on for the President's second term, making him one of several Cabinet-level officials to be leaving the Obama Administration.

Kirk's tenure saw, among other events, the ratification of the above-mentioned trade deals with Colombia, Panama, and South Korea - a process that took years of negotiations and was the subject of a difficult battle in Congress - and the repeal of the Jackson-Vanik amendment on new WTO member Russia. Before serving in Obama's cabinet, Kirk had previously been the mayor of the US city of Dallas.

Rumours around trade circles of who might replace Kirk - who took on the role of Washington's chief trade negotiator in March 2009 - have mentioned Michael Froman, Deputy National Security Advisor for International Economic Affairs, Deputy USTR and US Ambassador to the WTO Michael Punke, Deputy USTR Demetrios Marantis, and Treasury Under Secretary for International Affairs Lael Brainard as among the possible contenders for the job.

Once Obama announces his nominee for the post, Kirk's successor will have to be confirmed by the US Senate.

Comprehensive Minamata Mercury Treaty Opens for Oct 2013 Signature

An international binding treaty to curb mercury pollution was agreed to by more than 140 countries this past Saturday, bringing to a close four years of negotiations on the subject. The Minamata Convention on Mercury - named after the landmark Japanese town whose residents suffered the consequences of mercury poisoning some 50 years ago - will open for signature in October at a diplomatic conference in Minamata itself.

The convention will enter into force once it has been ratified by at least 50 countries, a process that could take three to four years.

While mercury is a naturally-occurring chemical, there is no level of exposure considered safe for humans. Mercury is commonly found in a number of products, such as thermometers and energy-saving light bulbs, and is also released through a number of processes, including mining and cement and coal-fired power industries.

The Minamata convention seeks to curb mercury by targeting several products for phase-out by 2020. Those products include mercury thermometers, certain blood pressure measuring devices, most batteries, certain types of electric switches, some fluorescent lamps, and certain soaps and cosmetics. Exceptions have been allowed for some medical products for which a mercury-free alternative does not exist.

Article three of the convention deals with trade-related issues, with procedures related to consent and certification of safe handling capabilities being required for imports/exports. These procedures will be further elaborated in the future, and will apply both to party and non-party countries.

Dentist groups were also left disappointed. While the treaty does seek to phase-out dental fillings that use mercury amalgam, no specific dates for the phase out were stated. Overall, many of the necessary actions will be taken during extensive phase-in periods, and not all action is mandatory. Some groups also took issue with national governments, which they argue have not done enough to regulate the dangerous metal.

ICRISAT Decodes Chana (Chickpea) Gene Sequence

In a scientific break through that promises improved grain yields and quality, greater drought tolerance and disease resistance, and enhanced genetic diversity, a global research team has completed high-quality sequencing of not one but ninety genomes of chickpea (=gram / chana).

Nature Biotechnology, the highest ranked journal in the area of biotechnology, has featured the research in its latest issue, dated 27 January 2013.

The research milestone was the result of years of genome analysis by the International Chickpea Genome Sequencing Consortium led by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT). The project team had 49 scientists from 23 organizations in 10 countries, including ICAR from India.

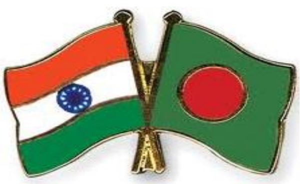
The global research partnership succeeded in identifying - 28,269 genes of kabuli variety of chickpea. Re-sequencing of additional 90 chickpea types provided millions of genetic markers. This has great potential in developing drought tolerant and disease resistant varieties of this important pulse crop.

Chickpea or gram is the second largest pulse crop in the world, grown in about 11.5 million hectares. It is grown mostly by poor farmers and in dry areas. It is is highly nutritious. While India is the largest producer (also importer and consumer) of chickpea, it is grown in a number of African countries including Ethiopia, Tanzania and Kenya. Chickpea is also an important component of the pulse industry in Australia, Canada and USA.

[Source: PIB (MoA) Press Release dated 28th January 2013]

India-Bangladesh Sign Revises Extradition Treaty and Revised Travel Arrangements (RTA) in Dhaka

The 4th Home Ministers level talks between Bangladesh and India commenced at Dhaka on 28 January. The Bangladesh delegation was led by Dr. Muhiuddin Khan Alamgir, Minister, Ministry of Home Affairs, Government of Bangladesh and Sushilkumar Shinde, Union Home Minister led the Indian delegation at this two day talk.



The two Home Ministers recalled the excellent and friendly bilateral relations existing between India and Bangladesh and reiterated their commitment to take these multi-faceted relations further. They noted that the exchange of visits by the Prime Ministers of Bangladesh and India in January 2010 and September 2011 respectively had infused a new dynamism in the bilateral relations and opened up new avenues for cooperation between the two countries.

Recalling the recent visit of the Home Minister of Bangladesh to India both sides emphasized the need for conducting such meeting more frequently.

Both the Home Ministers expressed their satisfaction over signing of the Extradition Treaty and the Revised Travel Arrangements (RTA) between the two countries. They expressed their belief that the Extradition Treaty will help to increase cooperation among law enforcing agencies of the two countries and to curb criminal activities. The RTA will ease the visa obtaining procedure and will promote people-to-people exchanges between the two countries.

Indian Home Minister conveyed the appreciation of Government of India to Government of Bangladesh for extending cooperation for addressing the security concerns of India, particularly in dealing with the Indian Insurgent Groups. Both sides reiterated their commitment to act against the elements inimical to both countries.

Both sides expressed satisfaction at the smooth operation of the Coordinated Border Management Plan (CBMP) and agreed to increase number of joint patrolling with a view to curbing criminal activities along the border. They expressed confidence that increased number of coordinated patrolling under the CBMP would enhance cooperation between the border guarding forces of the two countries, and enable them to manage the identified vulnerable areas with a view to preventing criminal activities, illegal movement, acts of violence and loss of lives along the border areas. Both sides agreed to allow development work within 150 yards of zero line. As an additional measure for better border management, both sides agreed to immediately start consultations between the District Commissioner and District Magistrate of border districts for resolving local issues.

Both sides agreed to further intensify the activities of the different nodal points in different areas of cooperation such as human trafficking, drugs, INTERPOL, etc. They expressed satisfaction at the regular interaction of different bilateral mechanisms, including Home Secretary level talks, BGB-BSF DG level Conference, DG level meetings between DNC and DNB etc.

and noted that these regular exchanges helped to enhance understanding and resolve issues for mutual satisfaction.

Both sides agreed to extend cooperation for apprehension of wanted criminals and fugitives and in this regard, Bangladesh Home Minister once again urged for immediate tracking, arresting, and handing over the killers of the father of the Nation, Bangabandhu Sheikh Mujibur Rahman. The Indian Home Minister assured that all possible assistance would be extended in this regard, if they are found in India.

Both sides noted that the implementation of three agreements (Mutual Legal Assistance in Criminal Matters, Agreement on Transfer of Sentenced Persons and Combating Terrorism, organized crime and illicit drug trafficking) signed during the visit of Prime Minister Sheikh Hasina to India in 2010 has been satisfactory. Both sides agreed to take immediate measures for repatriation of released prisoners and victims of trafficking.

Both sides discussed the ratification of the Land Boundary Agreement -1974 by the Government of India and the protocol signed in 2011 and noted that early ratification of the same would pave the way for implementation of the provisions of the agreement and resolve the long pending boundary related issues.

[Source: PIB (MoHA) Press Release dated 28th January 2013]

No Automatic Conversion of any unsold Sugar Quantity into Levy Sugar

In continuation to the press note dated 23.11.2012, relating to release of 70 lac tons (including the quantity of 2.00 lakh MT carried over from October to November, 2012 period), i.e., 68.0 Lac MT to be released for the months of December, 2012 to March, 2013, and another press note dated 13th December, 2012, giving extension of validity period for sale/delivery and dispatch of October and November, 2012, non-levy quota upto 31th December, 2012, the Central Government, has further decided that,

(i) The fresh non-levy quota released for the four month period from December, 2012 to March, 2013, shall stand reduced to 66.50 lac MT instead of 68.00 lac MT. (Excluding the quantity carried over from October to November, 2012 period and sold upto December, 2012).

(ii) It has also been decided that there would be no automatic conversion of any unsold quantity into levy sugar.

[Ministry of Consumer Affairs, Food and Public Distribution, Directorate of Sugar dated *28th January, 2013]*

Presidential Awards to 37 Officers of the Customs, Central Excise and ED

This year a record 37 officials of the Customs & Central Excise and Enforcement Directorate have been selected for grant of Presidential Award of Appreciation Certificate for 'Specially distinguished record of service'. Every year, the officers from these departments are considered for grant of Presidential Award of Appreciation Certificate for 'exceptionally meritorious service rendered at the risk of life' and for Presidential Award of Appreciation Certificate for 'specially distinguished record of service' on their achieving and maintaining excellence in the discharge of their duties. These awards are announced on the eve of Republic Day.

These officers have been selected on the basis of their exemplary and flawless performances in the field of service. The awardees selected this year represent various cadres viz; Commissioner , Directors, Superintendents, Inspectors and Drivers who have been consistently committed to the department in various fields like the prevention of smuggling of goods and Narcotics Drugs , Detecting Tax evasion , Detection of Foreign Exchange Violations and Money Laundering cases by booking / arresting the offenders and seizing the smuggled goods etc. Besides, many awardees have shown brilliance and given commendable performance in other fields as varied as achieving revenue mobilization, development of software for automation at Central Excise formations, streamlining Business Processes for reducing litigations , preparing GST (Goods and Service Tax) Model, effectively defending cases in the Tribunals and High Courts, preparing informative web sites for revenue officers, writing books on subjects relating to Service Tax, drafting Constitution Amendment Bill for GST, providing consultancy services to Customs authorities of developing nations, as well as deft handling of administrative work .

The list of officers, along with their designation and their present place of posting, who have been selected for grant of the Presidential Award of Appreciation Certificate for Specially distinguished record of service, on the occasion of Republic Day, 2013 is given below:

Commissioners:

1. Shri Atul Dikshit, Additional Director General, Directorate of Systems, New Delhi.

Additional Commissioners/Additional Directors / Joint Commissioners/ Joint Directors:

2. Shri Mannem Raghu Rami Reddy, Additional Commissioner, Commissionerate of Service Tax – I, Mumbai.

3. Shri Ganesh Dutt Lohani, Director, Legal Wing, Central Board of Excise & Customs, New Delhi.

4. Shri Sunil Kumar Sinha, Director, Judicial & Review Wing, Central Board of Excise & Customs, New Delhi.

5. Shri Rajesh Kumar Mishra, Additional Commissioner, Commissionerate of Central Excise, Jaipur – I, Jaipur.

6. Mrs. Limatula Yaden, Additional Commissioner, on deputation as Director to the Ministry of Health and Family Welfare, New Delhi.

Deputy Directors / Deputy Commissioners / Assistant Directors / Assistant Commissioners:

7. Shri Rajesh Kumar Agarwal, Deputy Commissioner, working as Officer on Special Duty, Drawback Wing, Central Board of Excise & Customs, New Delhi.

8. Shri Vinod Kumar Agarwal, Deputy Commissioner / working as Officer on Special Duty, Drawback Wing, Central Board of Excise & Customs, New Delhi.

9. Shri Ashwini Kumar, Deputy Director, Directorate of Revenue Intelligence, Mumbai Zonal Unit, Mumbai.

10. Shri Jagat Singh Tonk, Deputy Commissioner, Commissionerate of Customs (Preventive), New Delhi.

11. Shri Jaswant Kumar Higgins, Assistant Commissioner, Inland Container Depot, Loni, Commissionerate of Customs, Central Excise & Service Tax, Ghaziabad, Meerut Zone.

Appraisers/ Superintendents/Senior Intelligence Officers/ Enforcement Officers:

12. Shri Narm Deshwar Azad, Superintendent, Regional Training Institute, National Academy of Customs Excise & Narcotics (NACEN), New Delhi.

13. Shri Somnath Chaudhary, Senior Intelligence Officer, Directorate of Revenue Intelligence, Ahmedabad Zonal Unit, Ahmedabad.

14. Shri Diwakar Shrikrishna Mehta, Senior Intelligence Officer, Directorate of Revenue Intelligence, Mumbai Zonal Unit, Mumbai.

15. Shri Anil Kumar Sinha, Superintendent, Directorate General of Systems, New Delhi.

16. Shri A. Jebastin, Senior Intelligence Officer, Directorate of Revenue Intelligence, Chennai Zonal Unit, Chennai .

17. Shri Satya Bir Singh, Senior Intelligence Officer, Directorate General of Central Excise Intelligence (Hqrs.), New Delhi.

18. Shri Ashutosh Nivsarkar, Superintendent, Commissionerate of Central Excise, Indore.

19. Shri Rakesh Gupta, Senior Intelligence Officer, Directorate General of Central Excise Intelligence, Delhi Zonal Unit, New Delhi.

20. Shri Pawan Kumar, Senior Intelligence Officer, Directorate General of Central Excise Intelligence, Delhi Zonal Unit, New Delhi.

21. Shri P. Muralidharan, Superintendent, Large Taxpayers Unit, Bengaluru.

22. Shri K. S. S. Janardhana Rao, Senior Intelligence Officer, Directorate General of Central Excise Intelligence, Regional Unit, Hyderabad.

23. Shri Sarwan Singh, Senior Intelligence Officer, Directorate General of Central Excise Intelligence (Hqrs.), New Delhi.

24. Shri Tashi Tshering Wangdi, Superintendent (OPS), Directorate of Logistics, working in

Anti- Smuggling Unit, Central Board of Excise & Customs, New Delhi.

25. Shri M. N. Thyagaraj, Enforcement Officer, Directorate of Enforcement, Bengaluru Zonal Office, Bengaluru.

Private Secretary:

26. Ms. G. P. Padma Sundari, Private Secretary, Directorate of Revenue Intelligence, Bengaluru Zonal Unit, Bengaluru.

Inspectors/Intelligence Officers//Deputy Office Superintendent:

27. Shri Nukala Bala Subrahmanyam, Intelligence Officer, Directorate of Revenue Intelligence, Hyderabad Regional Unit, Hyderabad.

28. Shri Vedantham Srinivas, Inspector, Customs and Central Excise, Office of the Additional Director General (Audit), Hyderabad Zonal Unit, Hyderabad.

29. Shri Rajeev Kumar Sadana, Intelligence Officer, Directorate of Revenue Intelligence (Hqrs.), New Delhi.

30. Shri Inderjit Singh Sahni, Intelligence Officer, Directorate of Revenue Intelligence (Hqrs.), New Delhi.

31. Shri Sandip Das, Intelligence Officer, Directorate of Revenue Intelligence, Kolkata Zonal Unit, Kolkata.

32. Shri S. Varadharajan, Intelligence Officer, Directorate of Revenue Intelligence, Mumbai Zonal Unit, Mumbai.

33. Shri Vinod Kumar Sharma, Intelligence Officer, Directorate General of Central Excise Intelligence, Delhi Zonal Unit, New Delhi.

34. Shri Ajitkumar Karthikeyan, Intelligence Officer, Directorate General of Central Excise Intelligence, Regional Unit, Pune.

35. Shri Purshottam Das Lalwani, Deputy Office Superintendent, Commissionerate of Central Excise, Jaipur – I, Jaipur.

36. Shri Ajaya Kumar K. P., Intelligence Officer, Directorate General of Central Excise Intelligence, Regional Unit, Kochi.

Drivers:

37. Shri Virender Singh Negi, Driver Grade – II, Directorate of Revenue Intelligence (Hqrs.), New Delhi.

[Source: PIB (MoF) Press Release dated 24 January 2013]

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

Palm Oil Climbs as Malaysian Exports Seen Gaining on Zero Tax

Palm oil rallied to the highest level in almost four weeks on speculation that exports from Malaysia, the second-largest producer, will probably increase after Indonesia set higher taxes on February shipments.

The contract for delivery in April climbed as much as 1.3 percent to 2,506 ringgit ($813) a metric ton on the Malaysia Derivatives Exchange, the highest price for the most-active contract since Jan. 3. It traded at 2,500 ringgit in Kuala Lumpur, heading for a second monthly advance.

Indonesia, the biggest producer, will raise taxes on crude exports to 9 percent for February from 7.5 percent in January, the Trade Ministry said Jan. 28. Malaysia has said it will maintain a zero-tariff policy for a second month in February to help clear record stockpiles of the oil used in foods and fuels.

China's oilseed imports may climb to a record 65.3 million tons in the year through September 2013 from 63.1 million tons in 2011-2012, while vegetable oil and fat imports may gain to 10.8 million tons from 9.98 million tons, Oil World, the Hamburg, Germany-based researcher wrote in a report on 29 January.

Refined palm oil for delivery in September advanced 0.8 percent to close at 7,072 yuan ($1,137) a ton on the Dalian Commodity Exchange. Soybean oil for delivery in the same month increased 0.6 percent to end at 8,734 yuan a ton.

Soybeans for March delivery climbed 0.4 percent to $14.5775 a bushel on the Chicago Board of Trade. Soybean oil for March delivery gained 0.4 percent to 51.90 cents a pound.

Customs Valuation Exchange Rates

18 January 2012		Imports	Exports
Schedule I [Rate of exchange of one unit of foreign currency equipment to Indian Rupees]			
1	Australian Dollar	58.55	57.10
2	Bahraini Dinar	149.50	141.10
3	Canadian Dollar	56.35	54.80
4	Danish Kroner	9.90	9.60
5	EURO	73.60	71.75
6	Hong Kong Dollar	7.15	7.00
7	Kenyan Shilling	65.00	61.30
8	Kuwaiti Dinar	200.45	188.55
9	New Zealand Dollar	46.70	45.45
10	Norwegian Kroner	10.00	9.65
11	Pound Sterling	89.05	86.95
12	Singapore Dollar	45.30	44.10
13	South African Rand	6.40	6.00
14	South Arabian Riyal	15.05	14.20
15	Swedish Kroner	8.55	8.30
16	Swiss Franc	59.55	58.05
17	UAE Dirham	15.35	14.50
18	U.S. Dollar	55.25	54.25
Schedule II – [Rate of exchange of 100 units of foreign currency equivalent to Indian rupees]			
1	Japanese Yen	63.00	61.30

(Source: Customs Notification 05(NT)/17.01.2013)

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