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Budget 2015 – Tomorrows Headlines Today

- Jaitley Hikes Customs Duties by 2% to Raise Revenue in Era of Falling Commodity Prices, Promises Restoration when Situation Changes
- Excise on Motor Vehicles Raised to 15%
- Standard Excise Duty Raised to 14% with Exemptions to Merit Goods to be Charged 10%/12% Excise

- Revenue Mobilization through Service Tax Hike to 14%
- Amnesty for Black Money Inflows
- No Income Tax on Assessable Income upto Rs. 3 lakhs for Individuals
- 10 Years Tax Holiday to Electronics Industry/Solar Energy and Bio Tech

- WiFi Services Exempted
- Service Tax Exemptions to Restaurants with Sitting Capacity below 500 sq.ft.
- Hotel Rooms less than 80 sq.ft to be Charged 6% Service Tax

- Turn Over Tax of 1% on Crude and Petroleum Products to Fund Modi’s Swachh Bharat Campaign and Control Global Warming

Crude Starts Fall with $3 Drop

Crude Oil (Indian Basket) from 18 to 24 Feb 2015

	18 Feb	20 Feb	23 Feb	24 Feb
($/bbl)	59.90	59.90	57.39	56.76
(Rs/bbl)	3728.78	3729.37	3568.51	3535.01
(Rs/$)	62.25	62.26	62.18	62.28

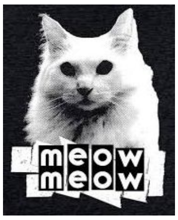
(Previous Trading Day Price)
Source: Ministry of Petroleum & Natural Gas

- Consumer Goods to Suffer 12.5% Customs
- Exemptions on Intermediates Withdrawn, Uniform Duty of 7.5% Applicable
- Steel Duties Raised by Uniform 2.5%

DRI Seizes Rs. 30 Crs Meow Meow Mephedrone

Drug Inserted in NDPS Act in Feb this Year

In a major operation spanning across States, the officers of Directorate of Revenue Intelligence (DRI), Ministry of Finance detected and seized here a big haul of contraband psychotropic substance of the amphetamine class suspected to be Mephedrone weighing 500 Kgs around mid-night of 20th February, 2015. This is one of the biggest seizures of a psychotropic substance in recent times and the biggest seizure of Mephedrone, a stimulant of the amphetamine class, which gets its street name Meow Meow, from its chemical name 4-methylmethcathinone, or M-CAT. This is one of the biggest seizure of drugs in the country and certainly the biggest of Mephedrone.



The seized consignment is believed to be heading towards the West where its value is estimated to be worth more than US $5 Million (Approx. Rs. 30 crore). The contraband is suspected to have been loaded at Kurutuwadi in Sholapur, Maharashtra.

Acting on a specific intelligence, a truck coming from Kurutuwadi in Sholapur District in Maharshtra was intercepted after a hot chase after it reached the national capital, Delhi. The truck was stated to be carrying a consignment of papayas, but detailed search resulted in recovery of 13 sacks containing 500 kgs of the psychotropic substance Mephedrone along with the cover cargo of fruits. The contraband was kept along with papaya and was concealed under the tarpaulin used for covering the truck.

Two persons including the driver of the truck and a person who accompanied the truck after it reached Delhi have been arrested and produced before the Saket Court, New Delhi which has remanded both the accused to the judicial custody. The factory, where the seized drug was manufactured, has also been located in Sholapur. Further investigations are in progress.

In view of its abuse, Mephedrone was included under the NDPS Act on 5th February 2015 after a prolonged campaign by various enforcement agencies / state governments and the High Court, Mumbai. This is the first case in the country after its inclusion in the schedule to NDPS Act. Commercial quantity for this drug is fixed at 50 gm.

The contraband is extremely popular in the West and increasingly becoming a major drug of abuse in India. Extremely addictive with several debilitating side effects , its popularity in India is due to the fact that it was not considered a psychotropic substance and available easily.

Budget Officers Go Underground after Halwa Ceremony

More than 100 officials involved in making the Union Budget 2015-16 will be locked in from tomorrow in the Budget Press in North Block and will remain there till the Finance Minister's Budget Speech is over in Lok Sabha on 28th February, 2015. 'Halwa Ceremony' marking the commencement of printing process of Budget documents of Union Budget 2015-16 was held here today in the presence of the Union Finance Minister Mr. Arun Jaitley. To maintain the secrecy of the Budget preparation process, there is a "lock-in" of the officials involved in making the Budget. Budget Press in North Block houses all these officials in the period leading up to the presentation of Union Budget in Parliament by the Finance Minister. These officers will gain touch with their near and dear ones only after the Union Budget is presented by the Finance Minister on Saturday, 28th February, 2015.

The Finance Minister Mr. Jaitley was accompanied by Jayant Sinha, Minister for State for Finance, Rajiv Mehrishi, Finance Secretary, Shaktikanta Das, Revenue Secretary, Dr. Hasmukh Adhia, Secretary, Department of Financial Services, Ms Aradhna Johri, Secretary, Department of Disinvestment, Ms. Anita Kapur, Chairperson, CBDT, Kaushal Shrivastav, Chairman, CBEC, Rajat Bhargava, Joint Secretary (Budget), DEA and senior officers of the Ministry of Finance among others.

The Annual Budget is prepared by the Budget Division of Department of Economic Affairs (DEA) headed by the Joint Secretary (Budget) of the Ministry of Finance. To start the process, the Budget Division issues an Annual Budget circular every year. This Annual Budget Circular contains detailed instructions for the Union Government Ministries/ Departments relating to the form and content of the Statement of Budget Estimates to be prepared.

The first Union Budget of Independent India was presented by R.K. Shanmukham Chetty on November 26, 1947. The Union Budgets for the fiscal years 1959-61 to 1963-64, inclusive of the Interim Budget for 1962-63, were presented by Morarji Desai. He presented budgets that included five Annual Budgets, an Interim Budget during his first stint and one Interim Budget and three Final Budgets in his second tenure when he was both the Finance Minister and the Deputy Prime Minister of India. Dr. Manmohan Singh became the Finance Minister and presented the budget for 1991-92, 1992-93, 1993-94, 1994-95 and 1995-96. The Final Budgets for 1996-97 and 1997-98 presented by P. Chidambaram. Yashwant Sinha, presented the Interim and Final Budgets for 1998-99 and four Annual Budgets from 1999-2000 to 2002-2003. P Chidambaram again presented the Union Budgets for 2004-05 to 2008-09. Pranab Mukherjee took a second shot Union Budget for 2009-10 for 2010-11, 2011-12 and 2012-13. Mr. Chidambaram got a third chance in August 2012 and presented the Union Budget 2013-14 and the Interim Budget 2015-16.

Arun Jaitley the Finance Minister in the new Government will present his First Budget in Parliament on 10th July, 2014. This will be his second Budget as the Union Finance Minister.

US, Guatemala FTA Labour Dispute Advances

The labour rights dispute between the US and Guatemala under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) has revved up in recent weeks, with both sides now having sent in written submissions to the arbitral panel outlining their respective claims.

The dispute dates back to July 2010, when the US charged that Guatemala had failed to enforce effectively its own domestic laws, specifically regarding the protection of workers' rights such as freedom of association, right to collective bargaining, and right to work in acceptable conditions.

Washington had argued that this alleged violation of a CAFTA-DR labour provision had forced US workers to compete against poor labour practices, putting them at a competitive disadvantage.

The 2010 complaint marked the first time that a labour rights complaint had been lodged under a free trade deal. Both the US and Guatemala are parties to CAFTA-DR, a free trade deal that also includes Costa Rica, the Dominican Republic, El Salvador, Honduras, and Nicaragua as its members.

OPEC Members Fight for Market Shares, Say No to Production Cuts

The Organization of Petroleum Exporting Coun tries has no plans to hold an emergency meeting amid falling oil prices, according to a delegate from the group.

Crude prices have dropped almost 50 percent from a June peak as OPEC refused to cut production and U.S. output reached a three-decade high.

OPEC, which supplies about 40 percent of the world's crude, pumped 30.9 million a day in January, exceeding its target for an eighth straight month, according to production estimates compiled by Bloomberg.

The Energy Information Administration forecast that U.S. output will increase to 9.3 million barrels a day this year, the most since 1972. Crude stockpiles rose to 425.6 million barrels as of Feb. 13, the most in EIA weekly data beginning 1982.

WEEKLY INDEX OF CHANGES

Anti-dumping Duty on Acetone from Korea to Continue for Five More Years – Duty Raised to $79.75/MT in Review

Ntfn 05-ADD
18.02.2015
(DoR)

Whereas, the designated authority, *vide* notification No. 15/13/2013-DGAD, dated the 6th June, 2013 published in the Gazette of India, Extraordinary, Part I, Section 1, had initiated a review in the matter of continuation of anti-dumping duty on imports of Acetone (hereinafter referred to as the subject goods) falling under tariff item 2914 11 00 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), originating in or exported from Korea RP (hereinafter referred to as the subject country), imposed *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 75/2008-Customs, dated the 10th June, 2008, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 447(E), dated the 10th June, 2008;

And whereas, the Central Government had extended the anti-dumping duty on the subject goods, originating in or exported from the subject country upto and inclusive of the 9th June, 2014 *vide* notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 12/2013-Customs (ADD), dated the 25th June, 2013, published in Part II, Section 3, Sub-section (i) of the Gazette of India, Extraordinary *vide* number G.S.R 406(E), dated the 25th June, 2013;

And whereas, in the matter of review of anti-dumping duty on import of the subject goods, originating in or exported from the subject country, the designated authority in its final findings, published *vide* notification No. 15/13/2013-DGAD, dated the 4th December, 2014, in Gazette of India, Extraordinary, Part I, Section 1, has come to the conclusion that-

(i) there is continued dumping of the subject goods from the subject country, causing injury to the domestic industry;

(ii) the dumping is likely to continue and intensify if the anti dumping duty is revoked,

and has recommended imposition of the anti-dumping duty on the subject goods, originating in or exported from the subject country.

Table

SNo.	Tariff item	Description of goods	Country of origin	Country of export	Producer	Exporter	Duty amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	2914 11 00	Acetone	Korea RP	Korea RP	Any	Any	79.75	MT	US Dollar
2	2914 11 00	Acetone	Korea RP	Any country other than Korea RP	Any	Any	79.75	MT	US Dollar
3	2914 11 00	Acetone	Any country other than Korea RP	Korea RP	Any	Any	79.75	MT	US Dollar

2. The anti-dumping duty imposed under this notification shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be paid in Indian currency.

[F.No. 354/10/2008-TRU (Pt.-I)]

Potato Export Shifted to Free List, MEP Withdrawn

Subject: Removal of Minimum Export Price (MEP) on export of Potato.

112-Ntfn(RE)
20.02.2015
(DGFT)

In exercise of the powers conferred by Section 5 of the Foreign Trade (Development& Regulation) Act, 1992 (No.22 of 1992), as amended, read with Para 1.3 of the Foreign Trade Policy, 2009-2014, the Central Government hereby makes the following amendments in Notification No. 85(RE-2013)/2009-2014 dated 26th June, 2014 relating to export of potato:

2. With immediate effect, the table in para 2 of Notification No. 85(RE-2013)/2009-2014 dated 26th June, 2014 is substituted as follows:

SNo.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
50 A	07019000	Kg	Potatoes, Fresh or Chilled	Free	

3. Effect of this notification

Minimum Export Price (MEP) on export of Potato has been removed.

Fresh FCY-INR Swaps Allowed after Expiry of Cancelled Swaps

Sub: Risk Management and Inter Bank Dealings: Foreign Currency (FCY) – INR Swaps

AP(DIR Srs)
Cir.78
13.02.2015
(RBI)

Attention of Authorised Dealers Category I (AD Category I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA/25/RB 2000 dated May 3, 2000) as amended from time to time and A.P. (DIR Series) circular no. 32 dated December 28, 2010, as amended from time to time.

2. In terms of paragraph (1) (iv) of section B contained in the annex to the above circular, eligible residents can enter into FCY INR swaps to hedge exchange rate and/or interest rate risk exposure arising out of long term foreign currency borrowing or to transform long term INR borrowing into foreign currency liability, subject to operational guidelines, terms and conditions listed thereunder. As per condition listed at (e), swap transactions, once cancelled, shall not be rebooked or reentered, by whichever mechanism or by whatever name called.

3. To permit greater flexibility to the residents borrowing in foreign currency, it has been decided that in cases where the underlying is still surviving, the client, on cancellation of the swap contract, may be permitted to re enter into a fresh FCY INR swap to hedge the underlying but only after the expiry of the tenor of the original swap contract that had been cancelled. All other operational guidelines, terms and conditions governing FCY INR swaps remain unchanged.

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

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

A-1 Form for Import Payments Dispensed, Remittances Allowed Freely Subject to Routine Checks

Sub: Foreign Exchange Management Act, 1999 – Import of Goods into India

AP(DIR Srs)
Cir.76
12.02.2015
(RBI)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the A.P. (DIR Series) Circular No. 82 dated February 21, 2012 in terms of which applications by persons, firms and companies for making payments, exceeding USD 5,000 or its equivalent towards imports into India must be made in Form A-1.

2. To further liberalise and simplify the procedure, it has been decided to dispense with the requirement of submitting request in Form A-1 to the AD Category –I Banks for making payments towards imports into India. AD Category –I may however, need to obtain all the requisite details from the importers and satisfy itself about the bonafides of the transactions before effecting the remittance.

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

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

Advance Payment against Export Orders under RBI Scan

Sub: Delay in Utilization of Advance Received for Exports

AP(DIR Srs) Cir.74 09.02.2015 (RBI)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the sub-regulation (1) of Regulation 16 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, notified vide Notification No. FEMA 23 / RB-2000, dated May 3, 2000, as amended from time to time read with A.P. (DIR Series) Circular No. 105 dated May 20, 2013, A.P. (DIR Series) Circular No. 108 dated June 11, 2013 and A.P. (DIR Series) Circular No. 37 dated November 20, 2014 in terms of which an exporter receiving an advance payment for exports (with or without interest) from a buyer outside India shall be under an obligation to ensure that the shipment of goods is made within the stipulated period from the date of receipt of advance payment.

2. As it has been observed that there is substantial increase in the number and amount of advances received for exports remaining outstanding beyond the stipulated period on account of non-performance of such exports (shipments in case of export of goods), AD Category –I banks are advised to efficiently follow up with the concerned exporters in order to ensure that export performance (shipments in case of export of goods) are completed within the stipulated time period.

3. It is further reiterated that AD category –I banks should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only bonafide export advances flow into India. Doubtful cases as also instances of chronic defaulters may be referred to Directorate of Enforcement (DoE) for further investigation. A quarterly statement indicating details of such cases (as per Annex) may be forwarded to the concerned Regional Offices of RBI within 21 days from the end of each quarter.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Annex

Quarterly Statement showing details of overdue Export Advances

(Statement for the quarter ended ……… , 20…)

Name and Address of the Bank:

S. No:
AD Code (Part I code):
AD reference No.:
Name & Address of the Exporter:
Name & Address of the Foreign buyer:
Details of Advance Received
Date:
Currency:
Amount:
Amount outstanding (in case of part exports):
Reasons for non-export:
If reference made to DoE
Date:
Reasons:

Harmonised Code Corrections in VKGUY Products with Retrospective Effect from Date of Mistake

Subject: Revision in Appendix 37 A of Handbook of Procedure – Volume I.

86-PN(RE) 16.02.2015 (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 notifies amendment to Appendix 37 A of the Handbook of Procedure-Volume-I (Appendices and Aayat Niryat Forms). This shall come into force with immediate effect.

2. ITC HS codes of the following items mentioned in Appendix 37-A, Vishesh Krishi Gram Udyog Yojana Table of HBP v1, which were harmonised vide Public Notice No. 52/2009-2014 (RE- 2013) issued on 25 February, 2014, are amended as under:

SNo.	VKGUY Product Code (as per Public Notice No. 52 dated 25/02/2014)	Description (as per Public Notice No. 52 dated 25/02/2014) Botanical Name	Other Name	ITC HS code (as per Public Notice No. 52 dated 25/02/2014)	Amended ITC HS code
706.	706	Apium Graveolens seed	Ajmoda/Celery seed	1302 19 19	0910 99 11
716.	716	Coriandrum Sativum seeds	Corriander seeds/ Dhania	1302 19 19	0909 21 10, 0909 21 90, 0909 22 00
693.	693	Trigonella Foenumgraceum seed	Fenugreek / methi	1302 19 19	0910 99 12
696.	696	Zingiber Officinalis	Ginger / Sunth, Adrak	1302 19 19	0910 11
680.	680	Curcuma longa	Turmeric / Haldi	1302 19 19	0910 30
635.	635	Vernonia Anthmintica (purple flebin, kali jeeri) Cumin Black of seed qlty other Cumin Black seeds	-	0909 30 11	0909 31
676.	676	Cassia Angustifolia Senna leaves and pads	Indian Senna / Sonamukhi	1302 19 19	1211 90 22
683.	683	Garcinia Cambogia	Goraka / Kokam	1302 19 19	1302 19 18
783.	783	other: Endosperm flour of Cassia seeds, Sesbania seeds whether or not modified	-	1302 32 90	0910 99 21

The description and admissible rate of incentive for these items will remain same as notified in Public Notice No. 52 issued on 25.02.2014.

3. The product ‘Tamarind Kernel Powder’ is deleted from Sl. No. 663 of VKGUY Table 2 and is assigned a new Sl. No. 784 in VKGUY Table 2. Sl. No. 663 and new Sl. No. 784 shall be as under:

Guidelines on Gold Import

- Star Trading Houses can Import Gold on DP Basis with Free Sale to all Persons
- Banks Allowed to Import on Consignment
- Gold Accepted as Collateral Basis
- Gold Coins Import Allowed but No Retail Sale by Banks

Sub: Guidelines on Import of Gold by Nominated Banks / Agencies

AP(DIR Srs) Cir.79 18.02.2015 (RBI)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions contained in A.P.(DIR Series) Circular No.42 dated November 28, 2014 in terms of which the 20:80 scheme for import of gold was withdrawn in consultation with the Government.

2. The Reserve Bank of India and the Government have been receiving requests for clarification on some of the operational aspects of the guidelines on import of gold consequent upon the withdrawal of 20:80 scheme. Accordingly, in consultation with the Government, the following clarifications are issued:

(i) The obligation to export under the 20:80 scheme will continue to apply in respect of unutilised gold imported before November 28, 2014, i.e., the date of abolition of the 20:80 scheme.

(ii) Nominated banks are now permitted to import gold on consignment basis. All sale of gold domestically will, however, be against upfront payments. Banks are free to grant gold metal loans.

(iii) Star and Premier Trading Houses (STH/ PTH) can import gold on DP basis as per entitlement without any end use restrictions.

(iv) While the import of gold coins and medallions will no longer be prohibited, pending further review, the restrictions on banks in selling gold coins and medallions are not being removed.

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

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

SNo.	VKGUY Product Code	Description	ITC HS code	Admissible Rate
663	663	Tamarindus Indicus i.e. Tamarind (fresh, dried, seeds) Flour meal and powder of Tamarind, Cotyledon Flour of Tamarind (Tamarind Indica)	08109020 08134010 11063010	5%
784	784	Tamarind Kernel powder	13023290	5%

4. VKGUY benefit on the items mentioned at paragraph 2 and 3 of this Public Notice are to be extended on the basis of description as notified in Public Notice 52 issued on 25th February 2014, irrespective of ITC (HS) Code mentioned in the shipping bills, for the exports made between 25th February 2014 and the date of issue of this Public Notice. In such cases, the period between 25th February 2014 and the date of issue of this Public Notice shall not be taken into account for calculation and imposition of late cut prescribed in paragraph 9.3 of HBP v1. In other words, in such cases, for the purpose of availing VKGUY benefits, where the exports are made between 25th February 2014 and the date of issue of this Public Notice, the date of this Public Notice shall be deemed to be date of exports.

Effect of Public Notice

Product description and ITC HS codes of certain items mentioned in Appendix 37-A, Vishesh Krishi Gram Udyog Yojana (VKGUY) Table 2 of HBP v1 have been amended to bring more clarity. The benefits of VKGUY on exports made between 25th February 2014 and the date of issue of this Public Notice, for items mentioned at Sl. No. 2 and 3 of this Public Notice, shall be admissible on the basis of product description alone, irrespective of ITC (HS) Code mentioned in the shipping bill.

WTO Gives Mixed Ruling in China Anti-dumping Duty on EU/Japan Stainless Steel Tubes

A WTO dispute panel issued a mixed ruling last week in the dispute concerning China's imposition of anti-dumping duties on certain high-performance stainless steel seamless tubes (HP-SSST) from Japan and the European Union, which are used mainly in boilers for coal-fired power stations.

The duties had resulted from the 2012 decision by China's Ministry of Commerce (MOFCOM) to impose definitive anti-dumping duties ranging from 9.2 to 14.4 percent on imports of these products from the EU and Japan, following a year-long investigation.

The move prompted Brussels and Tokyo to file WTO complaints, claiming that both the anti-dumping duties themselves and the underlying investigation were inconsistent with various procedural and substantive provisions of the Anti-Dumping Agreement and Article VI of the General Agreement on Tariffs and Trade (GATT 1994).

The EU and Japan are among the top exporters of these products to China. EU exports of these tubes, for instance, had reached €90 million in 2009. Brussels claims that this number fell to €20 million following the imposition of the duties.

Chinese domestic producers began to produce steel tubes for these types of boilers in 2008, with Beijing's twelfth "five-year" plan for its steel industry (2011-2015) indicating that the domestic production of HP-SSST was key for upgrading this sector.

Injury to domestic industry

Among other claims, Japan and the EU had argued that MOFCOM had wrongly determined that these allegedly dumped imports had caused material injury to Chinese domestic industry.

In determining material injury, Article of 3.1 of Anti-dumping Agreement requires proof of both the volume of the dumped imports and their effect on domestic prices for like products, as well as the impact on domestic producers. Other sub-provisions outline technical considerations and factors for investigating authorities to assess the evidence on injury.

Tokyo and Brussels had said that MOFCOM's consideration of the price effects of these imports was inconsistent with Articles 3.1 and 3.2 of the Anti-Dumping Agreement.

They also argued that MOFCOM's assessment of the impact of the dumped imports on the state of the domestic industry was inconsistent with Articles 3.1 and 3.4 of the Anti-Dumping Agreement, and questioned the legality of MOFCOM's determination that there is a causal link between dumped imports and the alleged material injury.

The panel upheld many, though not all, of these claims. For instance, the panels rejected the complainants' argument that MOFCOM was required to assess whether price undercutting by these imports actually pushed down domestic prices, and that the Chinese agency had failed in doing so.

Investigation procedures

The complainants had also raised various claims against China's methods in conducting the anti-dumping investigation. For example, they argued that MOFCOM failed to fulfil WTO requirements in applying "facts available" to determine the "all others" rates for unknown exporters.

In applying antidumping duties for exporters or producers not included in the sample, investigating authorities usually establish an "all others" rate. For the current dispute, MOFCOM based this rate on the highest margins of dumping for the cooperating European and Japanese exporters.

The panel rejected the complainants' claims, finding that there was no factual basis to conclude that MOFCOM had failed to inform unknown exporters/producers of what was required of them, given that the Chinese government agency had posted the exporter questionnaire online.

However, the panel upheld the EU's and Japan's claims that MOFCOM failed to disclose its dumping margin calculation methodology, along with the bulk of the allegations over whether the agency had failed to disclose essential facts pertaining to its injury determination.

The complainants also claimed that MOFCOM failed to include certain key factual information or reasoning in its public notice concerning the injury determination and the determination of the all others rates. Regarding the former, the panel rejected certain aspects of these claims and exercised judicial economy for the others. For the latter, the panel upheld one aspect of the claims, but rejected the others.

Other complaints from the EU and Japan included MOFCOM's decision to allow the full text of certain reports to remain confidential without showing "good cause" for such treatment, and failing to provide sufficient non-confidential summaries or explanations as to why such summaries were not possible. The panel upheld all of these claims.

Russia Taxes Grain Exports to Check Domestic Prices

Russia introduced a new tax on grain exports earlier this month, as part of a broader response to rising domestic food prices. The measures comes as Moscow works to respond to a faltering economy and recent currency crisis, among other difficulties.

Russia had already reacted to food price inflation with a number of informal curbs on grain exports, including tighter quality controls from 1 December, prior to imposing the tax on 1 February.

The duty will be in place until 30 June of this year, and is set at 15 percent of the customs price plus €7.5, and will amount to no less than €35 per tonne.

Officials rule out export ban, for now

This is the third time Russia has imposed grain export restrictions since 2008, having banned exports altogether in August 2010. The ban, which followed severe drought and record low harvests, was in place until June 2011. (See Bridges Weekly, 1 June 2011)

Although Russia is restricted from repeating the export ban under WTO rules, having joined the organisation in 2012, domestic officials have yet to rule out the use of such measures.

Major grain importers, exporters alerted

Russia is currently the world's fourth largest-exporter of wheat, and the export price increases from new measures are expected to limit international demand over the coming months. Moscow may still ship over 2 million tonnes of wheat from February to June, as traders must fulfil previously agreed contracts.

Russia had been exporting record volumes from a large grain crop as the value of the rouble plummeted, with a dash for foreign currencies pushing up domestic prices.

International wheat prices increased to US$25 per tonne this month, following a seven percent dip in January from December 2014, which analysts say was a reflection of strong supply conditions.

Some analysts say that the tax is unlikely to have a substantial impact upon international grain markets or low-income food deficit countries due to an abundant global supply. Those most likely to be affected are major importing countries such as Egypt, Iran, and Turkey.

Abe Pushes Agricultural Reforms, TPP to Bolster Third Arrow of Reform Agenda

Japanese Prime Minister Shinzo Abe urged his country's legislators last week to approve the "most drastic reforms since the end of World War II," in a major policy speech featuring renewed pledges to continue efforts at overhauling key sectors, particularly agriculture, along with promises to help bring ongoing Pacific Rim trade talks to a prompt conclusion.

The result of the end-2014 polls have been touted by Abe as signs of public approval of his Abenomics suite of policies aimed at jumpstarting the national economy. The "three arrows" of the scheme include monetary stimulus, increased fiscal spending, and structural reforms.

While the first two arrows have been in the process of implementation since Abe took office just over two years ago, the launch of the third one was deemed lacklustre by critics, particularly after data late last year indicating that Japan had slipped into recession. Though the country has since rebounded, growth data released this week was still lower than expected.

Among the various structural reforms that are meant to be part of the Abenomics plan's third arrow are those of the farm sector and trade policies, as part of the broader effort to ensure the island nation remains competitive in a changing economic landscape.

Aiming for TPP "early conclusion"

Increased trade liberalisation, through participation in initiatives of the Trans-Pacific Partnership (TPP) negotiations, has been one of Abe's key goals since taking office. His immediate predecessor, Yoshihiko Noda, had already expressed interest in joining the trade talks before losing to Abe in the 2012 elections.

Since then, one of the key issues in the TPP talks has been securing improved market access to Japan's heavily protected agricultural sector, with the US having spent the past several months engaged in complex bilateral talks with its Asian trading partner on the subject.

However, recent reports have indicated that Washington and Tokyo may be close to resolution in both this area and on separate bilateral talks on automobile trade, which could help pave the way to resolving the overall TPP negotiations.

Sweeping agricultural reforms

The influence of the Japanese farm lobby has largely been raised as one of the main reasons why negotiating reductions in import tariffs on sensitive agricultural products such as beef, pork, rice, dairy, and sugar has been so difficult in international trade negotiations.

Among the most drastic changes outlined by Abe are plans to turn the country's main agricultural lobby – the Central Union of Agricultural Co-operatives, known more commonly as JA-Zenchu– into a general incorporated association, thus depriving it of its current privileged status.

The Japanese premier has also said that the 700-odd agricultural cooperatives covered by JA-Zenchu's current network will now need to undergo audits by a certified public accountant, a function that had previously fallen to that union, whose own auditing branch will be spun off as a separate entity.

The series of changes unveiled by Abe would essentially curtail JA-Zenchu's political influence and revenues, analysts say, as the group currently controls most of the distribution of Japanese produce. The network was established by law six decades ago, and has long opposed domestic agricultural policy reforms.

In a surprise announcement last week, JA-Zenchu confirmed that it would be backing Abe's plans, following meetings held with leaders of the Liberal Democratic Party (LDP), with which it has close ties. The changes still need formal approval by lawmakers, with the Abe government expected to submit the relevant legislation next month.

WTO Appellate Body Begins Hearings on US Compliance in COOL Dispute

The dispute on the US' country-of-origin labelling (COOL) policy for livestock and meat products returned to the WTO this week, with the launch of Appellate Body hearings to review if Washington's revisions to the measure are enough to comply with WTO rules.

The hearings were held on Monday and Tuesday at the global trade body's Geneva headquarters and were open to public viewing. They also marked the latest stage in a nearly 7-year dispute launched by Mexico and Canada against the COOL requirements.

Under the original US policy, producers were required to inform consumers of meat's country of origin via a label on the sale package. Washington lost at the panel and Appellate Body stages, with the latter confirming that COOL's design put foreign products at a disadvantage by making the processing of imported livestock prohibitively costly.

Though the US had subsequently made changes to COOL in 2013, a compliance panel report had deemed that Washington has not sufficiently amended the WTO-illegal aspects of its policies, prompting all three parties to file appeals to clarify or revise legal aspects of the panel's report.

Ukraine Currency Falls 11%, Exchange Control in Place

- IMF Announces $17.5bn Bail Out
- Country Going Bust with No Money in Sight

Less than two weeks after the International Monetary Fund announced a $17.5 billion bailout loan for Ukraine, the central bank tightened capital controls to prevent the country from running out of foreign currency.

In spite of what has been pledged, Ukraine hasn't received a major injection of IMF cash since a $1.4 billion disbursement on Sept. 3, the lender's website shows. With its foreign reserves dropping 61 percent to $6.4 billion in the four months through January, the country's "cupboard is basically bare," said Timothy Ash from Standard Bank Group Plc.

Central bank Governor Valeriya Gontareva announced new limits on the amount of foreign exchange available to importers and banned banks from lending money for clients to buy foreign currency. More restrictions may follow as the country's economy contracts amid a deadly conflict with pro-Russian rebels in the country's east, Gontareva said on Monday. The hryvnia fell as much as 11 percent per dollar and bonds tumbled.

"Aid can't come fast enough," Richard Segal, head of emerging-markets credit strategy at Jefferies International Ltd. in London, said by phone Monday. "The way things are going, the central bank may need to declare a moratorium on money leaving the country, perhaps through an interruption in debt servicing as Argentina did."

Ukraine's $2.6 billion of 9.25 percent bonds due in July 2017, the sovereign's benchmark security for foreign investors, dropped for a seventh day to an all-time low of 41.5 cents on the dollar at 7:24 p.m. in Kiev, increasing the yield to 56.43 percent. The hryvnia weakened to a record 31.5 per dollar on Monday before recovering to 28, the same level at which it closed on Friday, according to data compiled by Bloomberg.

Stalled Payouts

The IMF-led aid package, announced on Feb. 12, totals $40 billion when including bilateral deals with nations as well as about $15 billion in savings expected from negotiations the country is pursuing with bond investors.

The Washington-based lender has stalled payouts under a previous funding plan as the nation held presidential elections in October, lawmakers delayed the passage of this year's budget and while the sides negotiated the second bailout.

"The implementation of strong policies and reforms under the new IMF program, including a flexible exchange rate, will help the economy adjust and lay the basis for a return of growth and confidence," an IMF spokesman said by e-mail on Monday. "However, in the short term, tightening of the administrative measures on a temporary basis may be necessary to support the foreign exchange market."

IMF Lifeline

"Ukraine is bankrupt and the only reason the bonds are trading at 40-45 is because of IMF involvement," Dmitri Barinov, a money manager who oversees $2.6 billion, said by e-mail on

Monday. “Ukraine has neither the possibility nor the willingness to pay its debt, but will be forced to restructure under IMF conditions.”

The hryvnia’s 44 percent depreciation per dollar this year, following a 48 percent drop in 2014, is driving up the prices of imports and energy, while making external debt payments more difficult for Ukraine. Governor Gontereva yielded control of the currency earlier this month, allowing it to weaken in an IMF-backed move which helped eliminate an unofficial street market for currency transactions.

Transaction and Compliance Costs to Rise with More Powers to Agencies to “Curb Black Money”

Finance Minister Arun Jaitley will announce policy initiatives on some of the key recommendations made by the Special Investigation Team (SIT) on black money headed by Retired Judge Arijit Pasayat to combat the “menace of illicit funds stashed within the country and overseas”.

The SIT has suggested over a dozen measures to the government to check “black economy” in the country.

Sharing of information between law enforcement agencies and amendments in anti-money laundering laws and Income Tax Act are on the anvil in the Budget.

The Permanent Account Number (PAN), issued by the Income Tax department to assist in revenue could be used to harass the tax payer with free flow of the database along with income tax returns to the Government agencies. This may violate the privacy of business but that is a secondary consideration.

Tax evasion could be termed a “crime” in the country which will mean immediate arrest and custody/jail in cases of suspected evasion even in grey areas.

A framework for sharing of information between agencies like the Financial Intelligence Unit (FIU) and the Enforcement Directorate (ED), Customs snoop and Intelligence Bureau could also find a mention in the budget speech of the Finance Minister.

A KYC Registry drawn from the Bank database is suggested by the SIT, for access to enforcement agencies for action against “money launderers, tax evaders and violators of economic laws”. This may be a source of harassment in vendetta campaigns against opponents of the Government.

This is a move to amend the Foreign Exchange Management Act (FEMA) to seize and confiscate assets based abroad without due process. This will give the Government a handle to seize assets in cases where the authorities on the other side do not raise objections on grounds of jurisdiction and clash between the laws of two countries.

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Exchange Rates for Customs Valuation

Rupee Falls to 62.80 from 62.45 for Customs Valuation on Imports w.e.f. 20 Feb 2015

25-Cus(NT) 19.02.2015 (DoR) In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in super session of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 18/2015-CUSTOMS (N.T.), dated the 5th February, 2015 *vide* number S.O. 381(E), dated the 5th February, 2015, except as respects things done or omitted to be done before such super session, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or *vice versa* shall, ***with effect from 20th February, 2015*** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo.	Currency	**Imprted Goods** Current	Previous	**Exported Goods** Current	Previous
(1)	(2)	(3)			
		(a)		**(b)**	
Schedule I *– Rate of exchange of one unit of foreign currency equivalent to Indian rupees*					
1.	Australian Dollar	49.45	48.85	48.05	47.60
2.	Bahrain Dinar	170.00	168.95	160.65	159.75
3.	Canadian Dollar	50.85	49.95	49.65	48.75
4.	Danish Kroner	9.70	9.60	9.40	9.30
5.	EURO	71.90	71.15	70.15	69.40
6.	Hong Kong Dollar	8.10	8.05	7.95	7.90
7.	Kuwait Dinar	217.00	216.10	204.70	203.90
8.	Newzeland Dollar	47.55	46.35	46.35	45.15
9.	Norwegian Kroner	8.40	8.25	8.15	8.05
10.	Pound Sterling	96.70	95.20	94.55	93.05
11.	Singapore Dollar	46.45	46.50	45.35	45.40
12.	South African Rand	5.50	5.55	5.20	5.25
13.	Saudi Arabian Riyal	17.10	17.00	16.15	16.05
14.	Swedish Kroner	7.60	7.60	7.40	7.40
15.	Swiss Franc	67.35	68.05	65.75	66.25
16.	UAE Dirham	17.45	17.35	16.50	16.40
17.	US Dollar	62.80	62.45	61.80	61.45
Schedule II *– Rate of exchange of 100 units of foreign currency equivalent to Indian rupees*					
1.	Japanese Yen	52.90	53.35	51.70	52.15
2.	Kenya Shilling	70.20	69.65	66.05	65.55

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