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Plurilateral IT Talks May Conclude by Dec Bali Ministerial

Discussions aimed at expanding another WTO plurilateral deal- the Information Technology Agreement, which deals with trade in information and communication technology (ICT) products - continue apace, with the Bali ministerial similarly being seen as a possible end-date for the process.

The ITA provides for participants to completely eliminate duties on IT products covered by the Agreement. The process to update the deal - which first entered into force in 1997 - kicked off last May, when Canada, Japan, Korea, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Singapore, and the US presented a concept paper calling for the launch of negotiations to expand the ITA's product coverage and membership.

Such an expansion is essential, they said in the paper, in order to reflect the evolution of the ICT sector since negotiations for the original ITA were concluded in December 1996 at the Singapore ministerial conference.

The number of countries currently involved in the ITA expansion talks has since increased from this original six in May 2012 to nearly 20. However, the discussions still do not encompass the whole ITA membership of 47 signatories - covering 74 members and states or separate customs territories in the process of joining the WTO - leaving unclear the question of how the pact's expansion, once completed, will be extended to the rest of the group.

Since the start of the new year, the countries involved in the

ITA expansion talks have been meeting monthly to discuss two separate tracks, sources familiar with the discussions told Bridges, with the latest meeting being held just last week. These two tracks specifically deal with tariffs and non-tariff issues, respectively.

With regards to tariffs, "list countries" - in other words, countries that have presented or commented on a list of products for liberalisation, and who late last year came together on a possible list of over 350 product lines - are now working on trying to eliminate some products from this set in order to make it more focused. This process, one source familiar with the talks explained, will help "for others later on to find this list useful to subscribe to."

The process on developing the non-tariff side has been more difficult, sources say, particularly regarding countries' diverging views on how exactly to deal with non-tariff barriers (NTBs). In the current ITA, there are no binding commitments on NTBs, an area that the EU has traditionally pushed to change.

While members are tentatively hoping to see the ITA expansion completed in time for Bali, sources stressed that this is not formally part of the "package" being prepared for the December ministerial. The "package" referred to is the set of Doha Round deliverables - such as a trade facilitation deal, agricultural components, and select issues of interest to developing and least developed countries - which the full WTO membership is in the process of negotiating.



GPA Implementation in Bali

Parties to the WTO's deal on government procurement could have the revised pact put into effect in time for the Bali ministerial conference, Government Procurement Committee chair Bruce Christie of Canada said following a meeting last Wednesday. In response, the majority of delegations present at the gathering - including the EU, US, and Canada - have said that they are willing to work toward such a goal.

The Government Procurement Agreement - a 42-country plurilateral pact under the aegis of the WTO - commits members to certain core disciplines regarding transparency, competition, and good governance, covering the procurement of goods, services, and capital infrastructure by public authorities.

Negotiations to revise the GPA - which took place over the span of a decade - finished within minutes of the kick-off of the December 2011 ministerial conference in Geneva. However, the new version of the deal has yet to be implemented, requiring two-thirds of those that are party to the pact to ratify it domestically.

Upon entry into force, the revised GPA is set to liberalise

US\$100 billion in public contracts, in addition to the US\$500 billion already covered by the original pact. The market access gains are largely expected to come from adding new entities to the deal's coverage, such as government ministries and agencies, as well as bringing more services and goods into the agreement. The revised deal also includes new and simpler rules on transparency and due process in helping fight hidden protectionism and corruption, as well as facilitating the accession of other parties.

Efforts for new parties to join onto the plurilateral deal also continue underway, the most high-profile of these being China, which had submitted a third revised offer to join the deal last year. China, with its large government procurement sector, agreed to join the GPA in its 2001 WTO accession protocol, but subject to special negotiations.

When China submitted its third revised offer last year, fellow GPA parties - while noting the improvements made over Beijing's previous offers - ultimately asked for additional concessions, saying that the latest offer still included overly high thresholds and did not incorporate any new coverage of state-

owned enterprises.

At Wednesday's committee meeting, GPA parties reiterated their earlier request that China submit a fourth revised offer by July. However, China said that it could not commit to such a timeframe, given that the Asian country is in the midst of a leadership change and, therefore, a reorganisation of its government.

Other accessions raised during last week's

meeting also included Jordan, Moldova, New Zealand, and Ukraine. Sources say that "significant developments" are likely to be seen in GPA accessions from countries in Eastern Europe, with the initial offer that Ukraine tabled in mid-December having been received positively by members, and with Moldova's accession process also being notably active.

WTO Members Discuss LDC Extension Proposal

When the WTO agreements entered into force in 1995, LDCs were given until 1 January 2006 to implement the obligations contained in the then-newly adopted WTO TRIPS Agreement. In 2002, the LDC transition period was extended until 2016 for pharmaceutical patents, with a later 2005 decision extending the period for all intellectual property (IP) rights until July 2013.

At the WTO's 2011 Ministerial Conference, trade ministers directed the TRIPS Council "to give full consideration to a duly motivated request from least developed country members for an extension of their transition period," in light of the impending deadline.

In this context, Nepal presented on the LDC Group's behalf a proposal - first tabled by Haiti at last November's TRIPS Council meeting - that would extend the period for such members to enforce the TRIPS Agreement until a given country "cease[s] to be a least developed country member."

"LDCs have not been able to develop their productive capacities, which limit their meaningful integration into the world economy [and] continue to be characterised by multiple structural constraints that include low per capita income, low level of human development, and extreme vulnerabilities to external shocks," Nepal noted.

Non-LDC developing countries voiced their support for the extension proposal. India, for

instance, indicated that the provisions of TRIPS Article 66.1, upon which the LDC request is made, "are precise and provide no discretion to the TRIPS Council to either deny the request or impose any further conditions on the LDCs."

Developed countries, for the most part, also supported the principle of an extension of the transition period, while saying that further consultations are needed on its modalities. The EU, for its part, said that any extension of the transition period should be based on assessment of "the reality on the ground."

Despite there being overall support regarding the possibility of an extension, members did not specify whether this should be granted for as long as a country remains an LDC - as per the LDC Group's proposal - or whether another deadline should be set.

World Health Organization Director General Margaret Chan has publicly backed an extension of the LDC transition period. The UN Development Programme and UNAIDS have similarly supported such a measure. In addition, around 375 civil society organisations have co-signed a letter calling on WTO members to unconditionally agree to an extension of the transition period, in line with the terms of the LDC Group's request.

The topic will be examined at the upcoming TRIPS Council meeting in June, ahead of the July expiration date.

Solar Glass Spat Renews EU-China Trade Tensions

The European Commission announced last week that it was launching a new investigation into whether imports of solar glass from China were being sold below market value - a practice known as "dumping." The move comes as a reaction to a 15 January complaint from EU ProSun Glass, an ad hoc group representing European solar glass manufacturers.

While not connected formally with EU ProSun, the group responsible for issuing a separate solar complaint last September, EU ProSun Glass represents a similar constituency that is responsible for more than the 25 percent of industry production required to launch an investigation. Solar glass is used primarily, but not exclusively, in the production of solar panels.

According to Brussels, the EU solar glass market is valued at less than €200 million. Bloomberg notes that solar glass accounts for about four percent of solar panel costs and that

EU imports of solar panels from China were worth €21 billion in 2011. Brussels said that it was obliged to open the new investigation because the complainant was able to provide clear evidence of dumping and material injury.

The EU investigation could take up to 15 months to reach a formal conclusion, but Brussels could impose anti-dumping duties as soon as December 2013, when the Commission releases its provisional findings.

Meanwhile, the separate investigation that the Commission launched last September into alleged dumping of Chinese solar panels continues underway, with an announcement on provisional duties expected by June, and final duties possibly by year's end. EU Trade Commissioner Karel De Gucht said last week that the two sides would need to reach an amicable solution in that timeframe if Beijing wishes to avoid the penalties that could come from that particular investigation.



Tobacco Plain Packaging Debate Heats Up Again



Members at the TRIPS Council meeting also addressed a proposed New Zealand law that, if implemented, would require plain packaging for tobacco products. The controversial legis-

lation would require standardised packaging without trademarks, a drab monotone design, and prominent health warnings on cigarette packaging, with only a small line of text to distinguish one brand from another.

At this week's meeting, the Dominican Republic - whose main export is tobacco - took the lead in commenting on the draft legislation, saying that it would hinder employment and would force producers to compete based on price instead of quality.

The Dominican Republic, Honduras, and Ukraine have each lodged separate complaints with the WTO's Dispute Settlement Body (DSB) over a similar piece of legislation that has already been enacted in Australia. The three members have argued that the law is inconsistent with the WTO's intellectual property rules and could have large negative impacts on local industries. (DS441, DS435, and DS434, respectively).

Australian officials have, in turn, responded that the law is necessary for achieving public health objectives and is in line with the 2001 Doha Declaration on TRIPS and Public Health and the WHO Framework Convention on Tobacco Control.

A dispute panel has already been established for Ukraine's complaint against Australia; once the other two complainants lodge their second panel requests, a joint panel will be composed to hear the WTO cases together. Given that the Australian disputes are currently unresolved, the Dominican Republic urged New Zealand to wait for the final outcome of these cases before adopting its plain packaging legislation.

In response, New Zealand said it would continue developing the planned legislation - which is currently in the drafting stage - but may wait to see the outcome of the dispute before implementing it, echoing recent comments made by the country's prime minister, John Key. It also recalled that the 2001 Doha Declaration says that TRIPS does not and should not prevent members from taking measures supportive of public health.

The two sides have sparred repeatedly over their respective renewable energy policies over the past year, with challenges also coming from the Beijing side. Last November, China filed a WTO complaint against Brussels over EU local content requirements. That complaint came just days after China launched anti-dumping and countervailing duty investigations domestically over EU exports of solar polysilicon components to the Chinese market.

WEEKLY INDEX OF CHANGES

Second Hand Capital Goods and Second Hand Goods Policy Clarified

[Please note that scrap is different from second hand goods. The import of this is generally free. Thus steel scrap is different from used steel. Second steel in production is different from steel left over after use by a consumer – Editor/07.03.2013]

Subject: Policy on Second Hand Goods:

35-Ntn(RE) In exercise of powers time to time, the Central Government hereby
28.02.2013 conferred under Section 5 of makes the following amendment in Para 2.17 of
(DGFT) the Foreign Trade (Develop- Foreign Trade Policy, 2009-2014:-
ment and Regulation) Act, 2. Para 2.17 of Foreign Trade Policy, 2009-
1992 read with paragraph 2.1 of the Foreign 2014 is revised to read as under:-
Trade Policy, 2009-2014, as amended from

SNo.	Categories of Second Hand Goods	Import Policy Conditions, if any	
I Second Hand Capital Goods			
(a)	i. Personal computers/laptops including their refurbished/re-conditioned spares ii. Photocopier machines/ Digital multifunction Print & Copying Machines iii. Air conditioners iv. Diesel generating sets	Restricted	Importable against authorization
(b)	i. Refurbished/re-conditioned spares of Capital Goods	Free	Subject to production of Chartered Engineer certificate to the effect that such spares have at least 80% residual life of original spare.
(c)	i. All other second hand capital goods {other than (a) & (b) above}	Free	
II Second Hand Goods other than capital goods			
		Restricted	Importable against authorization

3. Effect of this Notification

While the import policy (in the third column) remains unchanged for various categories of second hand goods, more clarity has been imparted both in Categories (second column) and in Conditions (fourth column).

Focus Product Benefit of 5% to Set Top Box

Subject: Amendments in the Reward/Incentive Schemes of Chapter 3 of Foreign Trade Policy 2009-14 - Appendix 37A, Appendix 37C and Appendix 37D of Handbook of Procedure (Vol. I).

51-PN(RE) In exercise of powers Handbook of Procedures, Vol. 1 (Appendices
05.03.2013 conferred under paragraph 2.4 and Aayat Niryat Forms) 2009-2014:
(DGFT) of the Foreign Trade Policy 2. The following product is added in Table 1 of
2009-2014, the Director Appendix 37D (Focus Product Scheme) after
General of Foreign Trade hereby makes the Sl. No. 755 for export made with immediate
following amendment to Appendix 37 D in the effect.

SNo.	FPS Product Code	ITC (HS) Code	Description	Rate Percentage	Bonus Benefit
756	756	85287100	Set Top Box /Set Top Unit (STB/STU required for receiving Digital Signals from DTH & Cable in CKD / SKD.	5%	

3. Effect of this Public Notice

Set Top Box is added in Appendix 37 D at Sl. No. 756 of Table 1.

Used Rails Import Allowed subject to Pre Inspection Condition

Subject: Import Policy of Used Rails,

36-Ntn(RE) In exercise of powers under:
28.02.2013 conferred by Section 5 of the 2. The following Policy Condition is inserted
(DGFT) Foreign Trade (Development & under **Chapter 73 of ITC (HS) 2012**, Schedule
Regulation) Act, 1 (Import Policy):
1992 (No. 22 of 1992), read with Policy Condition (1):
paragraph 2.1 of the Foreign Trade Import of Used Rails, including cut
Policy, 2009-2014, as amended from rails of all lengths, under ITC(HS)
time to time, the Central Govern- Code 7302 is 'free' subject to follow-
ment hereby amends Schedule 1 ing condition:
(Import Policy), ITC (HS) 2012 as



Handbook of Procedures on Import of Second Hand Capital Goods Deleted Following Amendments of Para 2.17 in FTP

Subject: Amendment in Para 2.33 of Handbook of Procedure Vol.I, 2009-2014.

50-PN(RE) In exercise of powers
28.02.2013 conferred under paragraph
(DGFT) 2.4 of the Foreign Trade Policy 2009-2014, the

Director General of Foreign Trade makes the following amendment in the Handbook of Procedure Vol.I, 2009-2014:

2. **Para 2.33** of Handbook of Procedure Vol.I, 2009-2014 stands **deleted**.

3. Effect of this Public Notice

Para 2.33 of Handbook of Procedure Vol.I, 2009-2014 has been deleted as a result of the Notification No. 35 dated 28.2.2013.

a) Importer shall furnish the following documents to the customs at the time of clearance of goods:

I) Pre-shipment inspection certificate as per the format in Appendix-5-B from any of the Inspection & Certification agencies listed in Appendix 5, to the effect that the consignment was checked for radiation level and rails do not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the rails; and

II) Copy of the contract between the importer and the exporter stipulating that the consignment does not contain any radio active contaminated material in any form.

3. Effect of this notification

Used Rails, including cut rails of all lengths, will be classified under Chapter 73 of ITC(HS). Import of Used Rails is 'free' subject to Pre-Inspection Condition.

Central Bureau of Narcotics Rajasthan Seizures 4.500 kgs of Opium

[Central Bureau of Narcotics, Rajasthan Press Note dated 4th March 2013]

On a specific information, Central Bureau of Narcotics, Rajasthan Unit has effected seizure of 4.500 Kgs of Opium and arrested two persons namely Parasram Jat S/o Gehari Lal Jat aged 24 years resident of village Turkia Kalan Distt. – Chittorgarh and Prahlad Soni S/o Kanhya Lal Soni aged 42 years resident of Village – Gosunda, Distt – Chittorgarh under section 8/18 of NDPS Act, 1985. Seizure was effected on 01.03.2013 near Dabok (Udaipur) during search of baggage of said persons travelling in Rajasthan Roadways Bus No – RJ09PA – 2002 plying between Chittorgarh to Udaipur.

Further investigation is in progress.

F.No. XV(7)-2/Prev/UDP/2013

Bank Guarantee Only where Penalty Imposed at Last Stage of Adjudication

Subject: Norms for Execution of Bank Guarantee in respect of Advance Authorization (AA) / Duty Free Import Authorization (DFIA) / Export Promotion Capital Goods (EPCG) Schemes.

08-CBEC The undersigned is directed
04.03.2013 to invite reference to Circular
(DoR) No. 58/2004-Cus dated
21.10.2004 on the above

subject. This was amended by Cir. Nos.17/2009-Cus and 32/2009-Cus. Circular No.58/2004 was further amended by Circular No.6/2011-Cus dated 18.1.2011. By this amendment, para 3.2 (c) was amended and the conditions for availing of exemption from bank guarantee were modified.

2. Prior to amendment by Cir 6/2011-Cus, one of the explicit criteria for denying benefit was that the license holder should have been penalized. However, the issue of penalty imposed for technical offences had arisen. The Circular 6/2011-Cus asked for taking an affidavit from the license holder stating whether any case(s) for certain offences, regarded as other than technical offences, had been booked during the previous three financial years and it was prescribed that, in case such violation(s) were revealed, the benefit of exemption from bank guarantee should not be extended.

3. It has been brought to the notice of the Board by exporters, trade associations and the field formations that with this amendment the benefit of availing of exemption from bank guarantee will be denied even before the show cause notice proposing imposition of penalty has been adjudicated.

4. The Board has reviewed the matter and considers that the position of not having been penalized should be restored. Accordingly, the para 3.2 (c) of Circular 58/2004-Cus shall be read as follows:

“(c) The License holder should not have been penalized during the previous three financial years in cases booked against him related to Customs, Central Excise or Service Tax under the provisions of the Customs Act, 1962, the Central Excise Act, 1944, the Finance Act, 1994

(for Service Tax), as detailed below:

(a) Cases of duty evasion involving mis-declaration / mis-statement/collusion / willful suppression / fraudulent intent whether or not extended period for issue of show cause notice has been invoked.

(b) Cases of mis-declaration and/or clandestine/unauthorized removal of excisable / import / export goods warranting confiscation of said goods.

(c) Cases of mis-declaration / mis-statement/collusion / willful suppression / fraudulent intent aimed at availing CENVAT credit, rebate, refund, drawback, benefits under export promotion/reward schemes.

(d) Cases wherein Customs/Excise duties and Service Tax has been collected but not deposited with the exchequer.

(e) Cases of non-registration with the Department with intent to evade payment of duty/tax.

or in cases booked against him under the Foreign Exchange Management Act (FEMA), 1999 or the Foreign Trade (Development and Regulation) Act, 1992. In order to ascertain/verify whether the License/Authorization holder meets this criterion he may be asked to furnish an affidavit. The Commissioners shall ensure that some of the affidavits furnished are cross checked randomly with the field formations for their veracity.”.

5. It may be noted that the other conditions in Para 3.2 of the Circular No.58/2004-Cus dated 21.10.2004 remain unchanged. These instructions may be brought to the notice of the trade/exporters by issuing trade/Public Notices. Standing orders/instructions may be issued for guidance of the assessing officers. Difficulties faced, if any, in implementation of the Circular may please be brought to the notice of the Board at an early date.

F.No.609/134/2012-DBK

CBEC Explanation on Post Export EPCG Duty Credit Scrip(s) Scheme – Commissioner to Check 10% Cases Randomly for Misuse

Sub: Post Export EPCG duty credit scrip(s) Scheme and certain other changes related to Foreign Trade Policy 2009-14

10-CBEC Reference is made to Para 4
06.03.2013 of Circular No.20/2012 –
(DoR) Customs dated 27.7.2012
wherein it was indicated that

there are certain areas of change in the FTP supplement 2012-13 for which notifications shall be issued subsequently as modalities to make them operational were being worked out. In these areas, the Department of Revenue has since issued notifications described below.

2. The definition of capital goods (under para 9.12 of FTP amended on 26.7.2012) now includes catalysts for initial charge plus one subsequent charge. The notification No.3/2013-Customs dated 13.2.13 has amended notification Nos. 100 to 103/2009- Customs to specify

the conditions subject to which the catalyst for one subsequent charge shall be allowed under EPCG Scheme. The notification No.4/2013-Customs dated 14.2.13 has been issued amending 31 customs notifications so as to specify Visakhapatnam Airport for making imports and exports under the export promotion schemes.

Post Export EPCG duty credit scrip(s) Scheme

3. It may be recalled that the Post Export EPCG duty credit scrip(s) Scheme was notified on 5.6.12 vide a new para 5.11 in FTP read with a new para 5.23 in the HBP v1. These paras have been further amended on 26.7.12 and 8.2.13 by Department of Commerce. These

Stainless Steel HR Flats Safeguard Final Findings Extended upto 25 May 2013

24-Cus(NT) In pursuance of sub-rule (1)
26.02.2013 of rule 11 of the Customs
(DoR) Tariff (Transitional Product
Specific Safeguard Duty)

Rules, 2002, the Central Government hereby extends the period upto 25th May, 2013 for submission of final findings on safeguard investigation concerning import of “hot rolled flat products of stainless steel of series 300” from PR China into India.

[F.No. 528/89/2012-Cus(TU)]

provisions may be downloaded from DGFT website and perused. The Post Export EPCG duty credit scrips to be issued by Regional Authority of the DGFT are intended to be used for, apart from imports of goods, domestic procurement. Their usage pattern is intended to be similar to that prescribed for freely transferable duty credit scrips issued by the Regional Authorities under chapter 3 of FTP.

4. The scheme envisages that the duty credit in these scrips shall be a duty remission computed based on the basic customs duty paid on capital goods which had been imported on payment of all applicable duties of customs in cash. Subject to installation and use of the imported capital goods, and other conditions including non-disposal of the capital goods till the date of last export, the duty remission may be granted by the Regional Authority in proportion to export obligation fulfilled within a fixed export obligation period. For this purpose, the export obligation would be fixed (over and above average export obligation) at 85% of applicable specific export obligation, computed as if the duty paid imports had taken benefit of duty exemption (i.e. like the EPCG duty exemption schemes, either zero duty or concessional 3% duty). As in the existing EPCG duty exemption scheme, if it is opted to not take the Cenvat credit of additional duty of customs paid, a lower export obligation would be fixed. There is no provision for extension of export obligation period in this scheme.

5. The notification Nos.5/2013-Customs and 6/2013-Customs both dated 18.2.13 have been issued under section 25(1) of Customs Act, 1962 to permit imports through debit of the customs duties in the said duty credit scrip. The notifications are for scrip variants where export obligation is fixed like the zero duty or concessional 3% duty EPCG scheme, respectively. The mechanisms of fixing the export obligation, and of granting the remission, are explained in the notifications. Further, notification Nos.2/2013-Central Excise and 3/2013-Central Excise both dated 18.2.13 have been issued under section 5A (1) of the Central Excise Act, 1944, read section 3 (3) of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 and section 3 (3) of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, to permit domestic procure-

ment. All these four notifications are conditional notifications. Notification No.7/2013-Customs dated 19.2.13 makes consequential amendments in the two customs notifications for the purpose of cross referencing the two central excise notifications.

6. As mentioned hereinabove, in this Scheme the duty remission is envisaged in proportion to export obligation fulfilled within a fixed export obligation period. Unlike the EPCG duty exemption schemes, the block obligation periods or their related proportions of export obligation fulfillment are not pre-defined in the new scheme. More than one duty credit scrip may issue (against the duty paid import of capital goods) based on the progressive fulfillment, during the specified export obligation period, of larger extents of the total export obligation. The meaning of 'export obligation' would apply individually to each duty credit scrip. Further, scrip issuance is akin to a discharge (or partial discharge) of the export obligation and is a remission by the DGFT of duty collected by the CBEC. Therefore, it is necessary that the Deputy/Assistant Commissioner of Customs satisfies himself of the compliance of the conditions of the notification (including fulfillment of export obligation, the quantum of duty remission in the duty credit scrip, the cumulative duty credits issued against imported duty paid capital goods) before allowing a duty credit scrip, issued under the Scheme, to be registered.

7. A sequential monitoring should be followed. This begins from registration of authorization (for importing capital goods) at the port of registration and is followed by import on payment of full applicable duties of customs in cash, endorsement of import particulars on authorization at time of clearance, making specified endorsements on bill(s) of entry at time of import, ensuring registration or installation/use of all imports under authorization before any scrip issues, registration of scrip at the same port, keeping cumulative record of duty credit scrips issued against an authorization, and making the indicated endorsements on documents at the time of registration. Moreover, the assessment Group which handles the authorization to import capital goods on payment of duty under this variant of the EPCG scheme would need to allow the registration of this duty credit scrip. The genuineness of the post export EPCG duty credit scrip should be verified.

8. Safeguards are provided in the notifications relating to making endorsements on the documents. The option for not availing Cenvat Credit on capital goods imported under authorization and thereby enjoying a lower export obligation is to be backed by a certification. Jurisdictional Central Excise authority should ensure that certificate on non-availment of Cenvat Credit is issued expeditiously and normally within two weeks but not later than four weeks under all circumstances. Where the goods imported against an authorization are found defective or unfit for use and are re-exported back to the foreign supplier, if claim of duty drawback is made, no duty remission for the duty paid at the time of import on the re-exported goods is to be allowed. Further, after any duty remission in the

form of duty credit scrip has been claimed in respect of the duty paid on the goods imported against an authorization, no duty drawback shall be allowed when the goods are re-exported and the export obligation is also not to be re-fixed. Indigenous sourcing of capital goods (referred to as invalidation procedure of import authorization) on payment of duty is not permitted in this scheme.

9. It may also be noted that the post export EPCG duty credit scrip cannot be issued as a refund on the premise that duty was paid but a situation arose where there was no export obligation to be fulfilled. The Commissioners of Customs are also to exercise special checks so as to ensure that there is no misuse of the scheme and a proper record of all such checks is maintained. These shall include random verifications of the address shown on the authorizations (for import of capital goods) during their validity period in at least 10% of authorizations, random verifications of the certificates produced (not issued by central excise authorities) and of the declarations submitted with respect to Condition No. 14 (e)(i) of the Customs notifications in at least 10% cases. These verifications should be made through the Commissioners of Central Excise. The central excise authorities should include, in their verification, a check of the periodical utility bills (containing the address) as one of the means enabling verification of

installation/ operation/ authorization holder premises. The Commissioners are expected to exercise due diligence to prevent misuse. If any other measure or safeguard is considered necessary it may be informed to the Board for appropriate action. Moreover, relevant aspects should also be incorporated in the monthly report of "Monitoring of Export/Imports under various Export Promotion Schemes" sent to the Board in terms of letter No. 605/64/2008-DBK dated 20.11.2008.

10. The Director General (Systems and Data Management) is to take steps to capture relevant details of authorizations, imports made (including duties paid) and the duty remitted against them, and in addition the subsequent utilization of the post export EPCG duty credit scrip. Moreover, the utilization of scrip under the Customs exemption notifications shall be shown separately in the FMR Customs (Annexure III) and that under the Central Excise exemption notifications shall be shown separately in the FMR Central Excise (Annexure IV) with a remark that it is a duty remission.

11. The Commissioners should ensure that the above mentioned Customs and Central Excise notifications and this Circular are carefully perused for details and implementation. Suitable public notice and standing order may be issued for guidance of the trade and officers.

F.No.605/12/2012-DBK (Pt.)

Diamond Trading Hubs in Customs Bonded Warehouses

Subject: Setting up of Public/Private Bonded Warehouses for Gems & Jewellery Sector

11-CBEC Director General of Foreign
06.03.2013 Trade vide notification no. 30
(DoR) (RE-2012)/2009-2014 dated
31.01.2013 amended FTP

2009-2014 and introduced a new para 4A.16A for setting up of Public / Private Bonded Warehouses for Gems & Jewellery Sector. The scheme under para 4A.16A of FTP 2009-2014 provides for setting up Private / Public Bonded Warehouses in SEZ/DTA for import and re-export of cut and Polished diamonds, cut and polished coloured gemstones, uncut & unset precious & semi-precious stones, subject to achievement of minimum Value Addition (VA) of 5%.



2. To operationalise the above scheme, procedure as follows may be followed:

(i) The scheme shall be applicable to jurisdiction of Commissioners of Customs (a) CSI Airport, Mumbai, (b) Jodhpur (Hq. at Jaipur), (c) Air Cargo Export, Delhi and (d) Airport & Air Cargo, Chennai. A Private/Public bonded Warehouse may be set up in SEZ/DTA subject to observance of Board's existing instructions on setting up such warehouses wherein imported goods would be kept by the warehouse licence holder. Physical control over the warehouse in the form of Double Lock System and posting of Cost Recovery Officer is waived.

(ii) Clearance from the bonded warehouse may be taken by EOU under authorization from the Deputy/Assistant Commissioner and on filing ex-bond Bill of Entry.

(iii) Clearance from the bonded warehouse may be taken by units in SEZ in accordance with the SEZ Act, 2005 and the rules made thereunder.

(iv) The holders of GEM REP Authorizations can take the goods by following the procedures given under para 4A.4, 4A.4.1 and 4A.4.2 of Handbook of Procedures Volume I. Details in this regard are to be given to the Deputy/Assistant Commissioner by warehouse licence holder instead of licensing authority.

(v) The warehouse licence holders shall be responsible for the safe keeping of the goods, for making physical delivery thereof to the users, as the case may be, against duty assessed Bills of Entry on which ex-bond clearance has been allowed by the proper officer, and for rendering to Customs a complete account of goods received and kept by them in bond. In their capacity as bonders, they will also maintain the prescribed records, including name, address and other specified details of the users and quantity of the goods released to the user and exported by him.

(vi) Separate Bond/Stock Account register in the form, Annexure-I and Stock Card in the form, Annexure-II is to be maintained by the each Licensee. The details are to be filled on the date of transaction and the signatures of the Licensee/ authorised representative be appended after every transaction.

3. The above said procedures may be brought into effect immediately, and the trade informed

suitably. Proper steps may be taken for smooth transition from existing scheme to new scheme without dislocating the trade.

4. Wide publicity may please be given to this Circular by way of issuance of Trade/Public Notice.

F.No. DGEP/G&J/07/2013

Annexure – I

(Circular No. 11/2013-Customs, dated 06-03-2013)

Proforma of Stock Account Book to be maintained by the licensee of the private Bonded Warehouse

- (1) Bond No. & Date:
- (2) Date of Receipt of goods in Warehouse:
- (3) B/E & date:
- (4) Quantity of Weight:
- (5) Description of goods:
- (6) Value of the goods:
- (7) Rate of Duty:
- (8) Amount of duty:
- (9) Bonder's dated signature:
- (10) Bond Officer dated signature:

Issues

- (1) Date of clearance:
- (2) Description of goods:

- (3) Quantity of Weight:
- (4) Value of goods:
- (5) Amount of Duty:
- (6) B/E No. & date:
- (7) S/B No. & date:
- (8) Receiver's name & address:
- (9) Balance:
- (10) Bonder's dated signature:
- (11) Bond Officer dated signature:

Annexure – II

(Circular No. 11/2013-Customs, dated 06-03-2013)

Proforma of Stock Card to be maintained by the licensee for each Stock

1. Bonder's Name:
 2. Date of Warehousing:
 3. Bond register & page number:
 4. Description of goods
- (1) Bond No. & date:
 - (2) Quantity / number received:
 - (3) Quantity delivered:
 - (4) B / E or S/ B No. & date:
 - (5) Balance Quantity/ number:
 - (6) Bonder's dated signature:
 - (7) Bond Officer dated signature:

Form ST-3 for Service Tax Amended

01-ST In exercise of the powers
22.02.2013 conferred by sub-section (1)
(DoR) read with sub-section (2) of
section 94 of the Finance
Act, 1994 (32 of 1994), the Central Govern-
ment hereby makes the following rules fur-
ther to amend the Service Tax Rules, 1994,
namely:-

1. (1) These rules may be called the Service Tax (Amendment) Rules, 2013.
(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Service Tax Rules, 1994, -
(a) in rule 7, in sub-rule (2), after the proviso, the following proviso shall be inserted, namely:-

"Provided further that the Form ST- 3 for the period between the 1st day of July 2012 to the 30th day of September 2012, shall be submitted by the 25th day of March, 2013";

(b) for Form ST-3, the following Form shall be substituted, namely:-

[Full text of the notification is available at our website www.worldtradesScanner.com]

3. On a review, it has been decided to permit all entities to avail of ECBs under the automatic route as per the current norms, notwithstanding the pending investigations / adjudications / appeals by the law enforcing agencies, without prejudice to the outcome of such investigations/ adjudications / appeals. Accordingly, in case of all applications where the borrowing entity has indicated about the pending investigations/ adjudications/ appeals, Authorised Dealers while approving the proposal shall intimate the concerned agencies by endorsing the copy of the approval letter. The same procedure will be followed by the Reserve Bank of India also while approving such proposals.

4. The modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, under the Automatic route such as amount of ECB, eligible borrower, recognised lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 have been issued vide Notification No.FEMA.256/2013-RB dated February 06, 2013, notified vide G.S.R.No.125(E) dated February 26, 2013.

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

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

Afghanistan Included in SAFTA Rules of Origin

27-Cus(NT) In exercise of the powers
01.03.2013 conferred by sub-section (1)
(DoR) of section 5 of the Customs
Tariff Act, 1975 (51 of 1975),

the Central Government hereby makes the following rules to amend the Determination of Origin of Goods under the Agreement on South Asian Free Trade Area (SAFTA) (here in after referred to as the "Agreement") between the Government of SAARC (South Asian Association for Regional Cooperation) Member States comprising the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka, 2006, namely:-

1. (1) These rules may be called the Determination of Origin of Goods under the Agreement on South Asian Free Trade Area (SAFTA) (here in after referred to as the "Agreement") between the Government of SAARC (South Asian Association for Regional Cooperation) Member States comprising the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India,



the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka (Amendment) Rules, 2013.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In rule 1 of the Determination of Origin of Goods under the Agreement on South Asian Free Trade Area (SAFTA) between the Government of SAARC (South Asian Association for Regional Cooperation) Member States comprising the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka, 2006, in sub-rule (1) for the words "the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka", the words and figures "the Islamic Republic of Pakistan, the Democratic Socialist Republic of Sri Lanka and the Islamic Republic of Afghanistan" shall be substituted.

[F. No. 467/30/2003-Cus.V]

Enforcement Affected Parties Allowed ECB

Sub: External Commercial Borrowings (ECB) Policy – Corporates under Investigation

AP(DIR Srs) Attention of Authorized Dealer
Cir.87 Category - I (AD Category - I)
05.03.2013 banks is invited to the A.P.
(RBI) (DIR Series) Circular No. 71
dated June 30, 2009 and Third
Amendment to FEMA Notification No.3 (FEMA
197/2009-RB) dated September 22, 2009

2. As per the extant guidelines, corporates that are under investigation by any law enforcing agencies like the Directorate of Enforcement (DoE), etc. are not allowed to access ECB under the Automatic route. Any request by such corporates for ECB is examined by the Reserve Bank under the approval route.

Tariff Value Down on Gold (US\$ 14/10 gm) and Silver (US\$ 59/kg)

Tariff Value on Palm Oils and Brass Scrap Raised

26-Cus(NT) In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), (DoR) 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	849
2	1511 90 10	RBD Palm Oil	894
3	1511 90 90	Others – Palm Oil	872
4	1511 10 00	Crude Palmolein	911
5	1511 90 20	RBD Palmolein	914
6	1511 90 90	Others – Palmolein	913
7	1507 10 00	Crude Soyabean Oil	1202
8	7404 00 22	Brass Scrap (all grades)	4082
9	1207 91 00	Poppy seeds	4395

Table-2

SNo.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	521 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	944 per kilogram"

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

RBI Extends RDAs under Speed Remittance Procedure to Exchange Houses Situated in All Countries which are FATF Compliant

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

AP(DIR Srs) Attention of Authorised Dealer Category – I (AD Cir.85 Category – I) banks is invited to the A.P. (DIR Series) 28.02.2013 Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] (RBI) dated February 6, 2008 on the captioned subject, as amended from time to time.

2. Under the extant Rupee Drawing Arrangements (RDAs), cross-border inward remittances are received in India by AD Category-I banks through Exchange Houses situated in Gulf countries, Hong Kong, Singapore and Malaysia (for Malaysia only under Speed Remittance Procedure). With a view to extending the scope of the said arrangement to certain other jurisdictions, it has been decided to extend the RDAs only under the Speed Remittance Procedure to Exchange Houses situated in

Exchange Rates for Customs Valuation

Rupee Falls to Rs. 55.15 for Customs Valuation on Imports w.e.f. 8 March 2013

28-Cus(NT) In exercise of the powers conferred by section 14 of the 07.03.2013 Customs Act, 1962 (52 of 1962), and in supersession of (DoR) the notification of the Government of India in the

Ministry of Finance (Department of Revenue) No. 23/ 2013-CUSTOMS (N.T.), dated the 21st February, 2013 vide number S.O. 424(E), dated the 21st February, 2013, except as respects things done or omitted to be done before such super session, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or vice versa shall, **with effect from 8th March, 2013** be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SNo.	Currency	Imported Goods		Exported Goods	
		Current	Previous	Current	Previous
Schedule I – Rate of exchange of one unit of foreign currency equivalent to Indian rupees					
1.	Australian Dollar	56.95	56.65	55.55	55.25
2.	Bahrain Dinar	149.30	148.55	140.90	140.20
3.	Canadian Dollar	53.95	54.75	52.60	53.25
4.	Danish Kroner	9.75	9.90	9.40	9.55
5.	EURO	72.25	73.40	70.45	71.60
6.	Hong Kong Dollar	7.10	7.10	7.00	6.95
7.	Kenya Shilling	65.90	64.15	62.05	60.20
8.	Kuwait Dinar	198.25	198.40	186.75	186.85
9.	Newzeland Dollar	46.20	46.50	45.00	45.30
10.	Norwegian Kroner	9.75	9.95	9.45	9.65
11.	Pound Sterling	83.85	85.20	81.85	83.15
12.	Singapore Dollar	44.50	44.45	43.45	43.30
13.	South African Rand	6.25	6.30	5.85	5.95
14.	Saudi Arabian Riyal	15.00	14.95	14.15	14.10
15.	Swedish Kroner	8.70	8.70	8.45	8.45
16.	Swiss Franc	58.85	59.50	57.35	58.00
17.	UAE Dirham	15.30	15.25	14.45	14.40
18.	US Dollar	55.15	54.90	54.20	53.90
Schedule II – Rate of exchange of 100 units of foreign currency equivalent to Indian rupees					
1.	Japanese Yen	59.45	58.55	57.90	57.05

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

all countries which are FATF compliant.

3. Accordingly, 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 all FATF countries.

8. Payments to hotels by nationals of all FATF compliant countries/ NRIs for their stay.

4. 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.

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

6. 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.

Guidelines for Forex Exposure Limits of Authorised Dealers Category-I

Sub: Risk Management and Inter-Bank Dealings

AP(DIR Srs) Attention of Authorized Dealers
Cir.86 Category – I (AD Category – I)
01.03.2013 banks is invited to A.P. (DIR
(RBI) Series) Circular No.92 dated
April 4, 2003 issued on Risk

Management and Inter-Bank Dealings.

2. As per para C.2 of the above mentioned circular "The overnight open exchange position and the aggregate gap limits are required to be approved by Reserve Bank." Further, Annex I of the said circular provided the detail guidelines for the Foreign Exchange Exposure Limits of the Authorised Dealers.

3. In view of the various developments in the forex markets a group comprising officials of

Reserve Bank of India, representatives of select banks and the Foreign Exchange Dealers Association of India (FEDAI) went into the various issues involved in the guidelines relating to the Foreign Exchange Exposure Limits of Authorised Dealers. Based on the recommendations of the group, it has been decided to revise the existing guidelines on calculation of the Foreign Exchange Exposure Limits of the Authorised Dealers. The revised guidelines are provided in the Annex.

4. Further, for the present, it has been decided to withdraw the restrictions placed on open positions limit of the Authorised Dealers involving Rupee as one of the currencies, (on

both overnight and intra-day open positions) vide A.P. (Dir Series) Circular No.58 dated 15th December 2011. Consequently, the instructions issued vide A.P. (Dir Series) Circular No.129 dated 21st May 2012 and A.P. (Dir Series) Circular No. 13 dated 31st July 2012 also stand withdrawn.

[Full text of the circular is available at our website www.worldtradesScanner.com]

Food Stockholding Talks Intensify as Unofficial Deadline Looms

Countries have intensified informal consultations on a developing country proposal to ease WTO farm subsidy rules for food stockholding, trade sources say. The talks have shifted gear ahead of an unofficial Easter deadline for reviewing progress on measures to be adopted at the global trade body's ministerial conference in Bali, Indonesia, this December.

While governments have acknowledged that the WTO's long-running Doha Round is currently at an "impasse," they are keen to fast-track progress on a subset of measures to be agreed when ministers meet at the year's end.

The informal consultations have been led by the G-33 - a group of developing countries with large populations of smallholder farmers, which first tabled the proposal in November following an initiative from India. Meanwhile, the chair of the agriculture trade talks has moved ahead with parallel discussions aimed at deepening members' understanding of how food stockholding programmes function in practice in countries around the world.

The chair, New Zealand ambassador John Adank, convened meetings today during which Indonesia and Brazil described how their own schemes run, with China, India, and Pakistan having already done so last week. The Philippines is due to make a presentation on Friday.

Some members are reportedly also debating whether and how to put forward a new proposal on export subsidies and similar measures - although the scope and content of any such submission is still being discussed by negotiators.

Seen as causing particularly severe trade distortion, ministers agreed to phase out use of these instruments by the end of 2013 when they met in Hong Kong seven years ago. However, progress in doing so has been held hostage to the broader stalemate in the talks.

G-33: counter-proposals required

The stockholding proposal, which would allow countries more latitude to purchase food at administered prices from low-income, resource-poor producers, has run into opposition from both developed and developing countries who fear it could lead to subsidised food being exported to world markets.

Although the measure has been put forward as a proposal to enhance food security, some countries are reportedly concerned that their own poor farmers could be adversely affected by the move. Several members of the G-33 now say that they recognise that more work may be needed on the proposal.

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