

Sept 18, 2006.

Modalities with regard to duty free

Exports of Vanaspati, Bakery Shortening and Margarine under ISFTA:

1. The Director General of Commerce of Sri Lanka will set up a Vanaspati, Bakery Shortening and Margarine Quota Board (VQB) to distribute the Tariff Rate Quota (TRQ) of 250,000 mt per annum among the registered Vanaspati, Bakery Shortening and Margarine manufacturers. ✓
2. The Director General of Foreign Trade, the designated authority of the Government of India (DGFT), will facilitate and monitor the import of Vanaspati, Bakery Shortening and Margarine.
3. 3.1 The VQB will apportion the annual TRQ for the period 1st April to 31st March of each year among the manufacturers registered with it and inform the DGFT. The VQB will also indicate separate quantities of Vanaspati, Bakery Shortening and Margarine proposed to be exported under this arrangement.
- 3.2 The VQB jointly with the DGFT would determine the quarter - wise import quantities, at the beginning of the Indian financial year 1st April to 31st March. This would be to ensure a steady supply of Vanaspati, Bakery Shortening and Margarine as per market requirements as well as to facilitate the factories' continued operations through out the year.
- 3.3 For this purpose, the DGFT of Government of India would approve and issue the necessary import authorizations as per

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Sept 18, 2006.

laid down procedures in the Foreign Trade Policy of India. The import authorizations could be granted for the full year or part thereof.

3.4 In order to facilitate the export during the current year the Vanaspati, Bakery Shortening and Margarine already imported into India under the ISFTA since 1st April 2006 shall be adjusted within the TRQ of 250,000 mt for the period 1st April 2006 to 31st March 2007.

3.5 Any marginal variations in the utilization of the quarterly allocation could be adjusted in remaining quarters of the Indian financial year, as jointly agreed between VQB and DGFT.

3.6 The yearly export allocation shall not be exceeded. The export would be treated as valid if the on board bill of lading is dated on or before 31st of March.

4. Prior to export, the Sri Lanka based registered manufacturer will obtain a Certificate of Origin (CO) from the Department of Commerce of Sri Lanka within the allocated quota for the year, to undertake such export under the ISFTA.

5. The VQB and the DGFT of the Government of India will jointly monitor the utilization of quotas within the agreed TRQ. This information is ordinarily posted on the DGFT website. Similarly the data on issue of Certificate of Origin will be posted on the DOC website of Government of Sri Lanka.

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Sept 18, 2006.

6. The DGFT of the Government of India and the DG Commerce of the Government of Sri Lanka will finalize the modalities mentioned above subject to approval of competent authorities of both Governments.



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