

*Chairman's word...*

Dear Members,

The meeting with DGFT to review export performance of all sectors was held recently. SGEPC also submitted the suggestions on matters relating to Foreign Trade Policy. At the time of review, it was observed that export trends of Sports Goods & Toys sector for the year 2009-10 had not been encouraging. The Council is trying to complete the compiling of export statistics (year 2009-10) received from the members. Though, export statistics for the year 2009-10 can be submitted till June'2010, members are urged to submit it earlier. This will help us to take stock of current trends in the Sports Goods & Toy sector.

The problem in import of Willow Clefts from U.K. (due to ban on use of a chemical in fumigation process) was also taken up with Ministry of Agriculture. Temporary relief has been announced by the Ministry of Agriculture, in interest of exports, for three months, during which a permanent solution has to be found out.

Your Sincerely,

(A.G. Mukim)



Fitness Retail

strong in 2009
projected to continue in 2010

This year could easily be a significant year of change for the sports industry as people are posed to play more and hopefully, spend more.

The Sporting Goods Manufacturers Association (SGMA) expects that 2010 will be a year of positive change at the cash register for the sports, fitness, and recreation industry in the United States.

While sales of sports and fitness-related equipment, gear, accessories, clothing, and shoes in the U.S. fell slightly for the second straight year, the outlook for 2010 is filled with more optimism. That's one way to summarize the U.S. sports products industry, which was just over \$71 billion (at wholesale) in size last year. According to SGMA's Manufacturers Sales by Category Report (2010 edition), manufacturers' (wholesale) sales of sporting goods equipment, fitness equipment, sports apparel, athletic footwear, and licensed merchandise totaled \$71.8 billion in 2009 - a 4.3% decrease over 2008 when wholesale sales were \$75.0 billion.



"In many respects, the decline in sales in the sports industry was a mirror image of the struggles in the U.S. economy during the last 12-18 months," said SGMA President Tom Cove. As the economy begins to improve, Americans will be more likely to spend more money on fitness equipment, sports gear, athletic clothing, and footwear. Overall, sports participation remains strong in the U.S. though activities which are family oriented and 'low-cost-to-participate' are attracting large numbers of participants.

Sporting goods equipment sales dipped slightly - down 2.4% - from \$21.8 billion in 2008 to \$20.2 billion in 2009. The five largest categories of sporting goods equipment are:

- firearms/hunting (\$3.09 billion)
- golf (\$2.48 billion)
- fishing (\$2.02 billion)
- camping (\$1.70 billion)
- optical goods (\$1.21 billion).

Despite the overall drop in sales, there were some categories that registered sales gains:

- firearms/hunting (up 21.8% to \$3.09 billion)
- martial arts (up 8.3% to \$323 million)
- fishing (up 5% to \$2.02 billion)
- volleyball (balls & sets) (up 3.8% to \$58 million)
- lacrosse (up 3.6% to \$61 million) and
- ice hockey (up 2.3% to \$223 million)

Outlook for 2010

Archery, boxing, camping, golf, ice hockey, lacrosse, martial arts, ski, soccer, volleyball, and water sports are expected to have increases in wholesale sales this year.

Compared to some other categories in this overall report, a few team sports categories actually had a solid year as sales showed a low single-digit increase. Those sports are

volleyball (balls & sets) (up 3.8%), lacrosse (up 3.6%), ice hockey (up 2.3%), soccer (up 0.8%), and football (up 0.6%). The five leading categories, based on overall sales, are:

- football (\$497 million)
- baseball/softball (\$487 million)
- basketball (\$342 million)
- soccer (\$307 million)
- ice hockey (\$223 million)

Basketball : While baseball/softball (down 4.5%) and basketball (down 3.9%) had 'off' years in 2009, small increases in wholesale sales are projected for this year for both sports. Lacrosse and ice hockey are expected to have positive years in 2010.

Exercise Equipment : This is a \$4.2 billion business and treadmill sales account for nearly 25% of that entire category. After treadmills, the next two largest fitness categories are elliptical machines (\$913 million) and exercise cycles (\$442 million). Consumer/retail spending for exercise equipment accounts for nearly 80% of the entire exercise equipment category. And, consumer/retail spending for exercise equipment is expected to increase 7.6% this year.

This year, the exercise equipment category is expected to grow by 5.7% to \$4.39 billion. On the consumer side of the equation, free weights, exercise benches, stair climbing machines, and ab machines are projected to have the strongest growth in wholesale sales this year.

Sports Apparel : Wholesale sales of sports apparel were \$28.17 billion in 2009, which is a 5% decline from \$29.64 billion in 2008. The largest segment of the sports apparel industry - at \$4.8 billion - is shirts/tops. Swimwear is the second largest segment of the sports apparel business at \$2.5 billion. Among the divisions of the sports apparel category - which are branded athletic apparel, performance apparel, fitness apparel, and branded activewear - only fitness apparel had an 'uptick' in sales in 2009. Fitness apparel sales increased 0.5% from \$314 million in 2008 to \$315 million in 2009.

This year, wholesale sales for swimwear, shirts/tops, shorts/skirts, pants, warm ups, fleece/sweats, and apparel accessories are expected to improve.

Team Uniforms : Team uniforms fell by a small margin - down 2.3% -- from \$1.158 billion in 2008 to \$1.131 billion in 2009. The five largest categories for team uniforms are football, baseball, basketball, soccer, and volleyball.

Due to tightening athletic budgets for many schools, teams were not in a position to order new uniforms and, instead, were forced to try to get another year out of existing team uniforms. Stronger wholesale sales of soccer and baseball uniforms are projected.



Athletic Footwear :This category was relatively stable in 2009 as sales fell less than one percent - from \$12.4 billion in 2008 to \$12.3 billion in 2009. Running is the rising star of the athletic footwear category as running shoe sales rose 6% to \$3.35 billion. Outdoor/adventure is another strong category as sales increased by 4% -- from \$580 million in 2008 to \$603 million in 2009. The five leading athletic footwear categories are the following:

- running/jogging (\$3.35 billion)
- classics/originals (\$1.88 billion)
- kids (\$1.78 billion)
- skate/surf (\$806 million)
- basketball (\$796 million)

Five athletic footwear categories (fitness/workout, outdoor adventure, running, soccer, and walking) are expected have wholesale sales increase of at least 4.0% this year.

Recreational Transport : Finally, the recreational transport category suffered a double-digit category decline in 2009. Wholesale sales were \$27.33 billion in 2009, down from \$31.48 billion in 2008 - a decline of 13.2%. As recently as 2007, the recreational transport category was at \$37.47 billion. The line items in this category include motorcycles, jet skis, recreational vehicles, snowmobiles, bicycles, and pleasure boats & motors. ■

Source : SGMA

Toy sales grow

indicate rising consumer spending

So far the earnings season has indicated that the economic recovery is making great strides in the 1Q of 2010 as consumer spending begins an uptrend as compared to the same time period last year. One sector that can be a clear indication of consumer spending trend is the consumer goods sector.

Recently Mattel Inc., the number one U.S. toy maker, made a stellar first quarter announcement with a profit of \$24.8 million and revenue of \$880.1 million, pulverizing meager analyst projection of a \$0.03 loss per share on revenue of \$860 million. Sturdy sales for brand toys based on kiddies' TV shows were cited as the core catalyst behind Mattel's impressive quarter reading. A year ago, Mattel reported a loss, but it would seem that this year the company financials were saved by the most unlikely marketers - a team of lifeless toys from the Barbie, Toy Story, WWE, Hot Wheels and other core games that have caught many hearts and minds.



Mattel's first quarter report is not only a great sign of the company's quarterly performance but it's also a good indication of where economy is heading. In September 2009, inventories in the toy industry segment had been a major cause of concern due to a sharp decline in consumer spending, but 2010 first quarter seems to be out for revenge, as retailers are already replacing what they sold.

If consumers are willing to spend on non-essentials like toys, this could mean that their faith in the economic recovery is slowly, but surely growing. But as the saying goes one is not a pattern.

What could set a pattern is the recent earnings release from Hasbro Inc., U.S.A's second biggest toy manufacturer. One could see positive results from Hasbro based on the fact that some of its brand toy like transformers and G.I. Joe are all time favorites of kids around the world.

The toy and gaming industry is a \$60 billion market and has been on an expansion path in recent years, even if the 2008-2009 recession slowed its growth of late.

A few reasons driving its growth rate are the surging demand for video games and recent releases of blockbuster Hollywood movies based on franchised brands like Transformers and G.I. Joe. And if there is one thing the toy industry would never be in shortage of, it is the number of kids worldwide. 2010 earnings release is already looking like the toy industry players have some nicely wrapped gifts under their Christmas trees, with the only difference that we they are still in April. ■

Source : Marketwire

Fit for Kids

ISO's magazine highlights child safety and well-being

The March 2010 issue of ISO Focus+ - the magazine of ISO (International Organization for Standardization) - presents concrete examples of how ISO International Standards can help improve child safety and well-being. It has been published to coincide with the 2010 United Nations Year of the Youth.

More than 2 000 children die every day as a result of an accident. Every year tens of millions more worldwide are taken to hospital with injuries that often leave them with lifelong disabilities, according to a 2008 report by the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF). The report says that if proven measures were adopted everywhere, at least 1 000 children's lives could be saved every day.

To draw attention to the role of standards in child injury prevention, ISO Focus+ is devoting the special report of its March 2010 edition to children.

With the theme of "Fit for kids", this special report is dedicated to the vast amount of work done by ISO to make the world safer for children. It brings together a portfolio of articles that showcase ISO standards as proven prevention measures, as well as areas of particular concern for children and how they are being addressed by ISO.

Articles cover an array of topics, from the safety of toys to child car seats, child-resistant packaging for dangerous goods, life jackets, child-resistant lighters and bicycle safety. It also describes ISO/IEC Guide 50, Safety aspects - Guidelines for child safety, which, if taken into account, can prevent many injuries to children, or at least reduce their severity. In addition, it includes a case study from the LEGO Group showcasing the benefits of using ISO standards for the company.

The March edition of ISO Focus+ also features an exclusive interview with the President of the International Council of Toy Industries (ICTI), and the CEO of Funrise Toys, Arnie Rubin, who says, "Assuring the safety of children has always been our industry's top priority. And because our products are designed specifically for children, we always hold ourselves to the highest possible standards. The development of globally relevant toy safety standards is a vitally important activity and one to which our industry is firmly committed."

Arnie Rubin gives his views on the importance of ISO International Standards for the toy industry, including ISO 8124, which he refers to as "the cornerstone of the global toy safety network".

The toy industry President and CEO goes on to share his thoughts of the future, which he says, must be focused on aligning the various national and regional standards. "The ISO technical committee on toy safety (ISO/TC 181) is spearheading an effort to lead future alignment efforts.

"This will be beneficial to all - not only from the perspective of an improved safety system that will better protect children in all nations, but also for the smaller and mid-sized manufacturers who are just entering the global marketplace." ■

Source : ISO



Traditional sports remain popular in EU

The market for sports and camping goods within the twenty-five EU countries has stalled or fallen back in recent years. Only the rising participation of women, middle-aged and elderly people has prevented more serious reversals. Competitive sports like badminton, squash and some team sports have suffered from a shift to individual 'soft sports' like fitness, jogging and golf, as well as to recreational outdoor activities like trekking and climbing. Traditional sports like swimming and football remain popular in the EU, however.



Trade to expand by 9.5% in 2010 says WTO

WTO reports that after the sharpest decline in more than 70 years, world trade is set to rebound in 2010 by growing at 9.5%, according to WTO economists. WTO rules and principles have assisted governments in keeping markets open and they now provide a platform from which trade can grow as the global economy improves. They see the light at the end of the tunnel and trade promises to be an important part of the recovery. ■ *Source : WTO*

French bike market under pressure

As a result of the economic crisis, the French market encountered a slight decrease in consumer spending on bicycles as well as components and accessories in 2009. The latest figures of the French industry organisation - Tous a Velo indicate a drop in unit sale of 6% last year to 3,132,300 units compared to 2008.

The total value of the bikes sold decreased by 4.5% to . 819 million. The average value of bikes sold in France stands at . 261. In the past years the structure of the French market has been changing slowly but steadily towards more mobility bicycles instead of sports only. ■ *Source : WFSGI*

Record number of dangerous goods removed from shelves in EU

Record numbers of dangerous goods were removed from EU shelves last year, Health and Consumer Policy Commissioner, Mr. John Dalli has said, presenting the European Commission's annual report on product safety in Brussels. But consumer organisations said far too many dangerous products were slipping through the net and onto the market place.

In December 2008, the EU adopted a revised version of its Toy Safety Directive, updating European safety law to take into account developments in the modern toy industry (EurActiv 19/12/08).

The new legislation, which was first tabled by the European Commission in January of that year (EurActiv 28/01/08), replaced a 1988 directive on the issue in the light of new product development and improvements in scientific knowledge of chemical substances.

The number of dangerous consumer products withdrawn from EU markets rose by 7% in 2009 compared to 2008, according to the latest annual report on the bloc's rapid alert system for non-food dangerous products, RAPEX.

Last year's report had shown that the number of dangerous products withdrawn from EU markets rose by 16% in 2008, and was also seized upon by the Commission as proof that the bloc's product safety standards were improving (EurActiv 21/04/09).

Consumer groups nevertheless warned that more needed to be done to ensure that Europe's consumers are adequately protected and called for safety to be kept "high on the agenda" of Europe's decision-makers.

Chinese toys top black list

The Commission received 1,993 notifications of dangerous goods last year, up from 1,866 the year before. Toys (472 notifications; 28%), clothing and textiles (395; 23%) and motor vehicles (146; 9%) accounted for 60% of the recalled products, while electrical appliances (138 notifications) constituted the fourth most problematic category.

The entry into force last year of EU legislation to enhance market surveillance activities regarding cords and drawstrings in children's clothing prompted a sharp increase in the number of hazardous items of clothing detected.

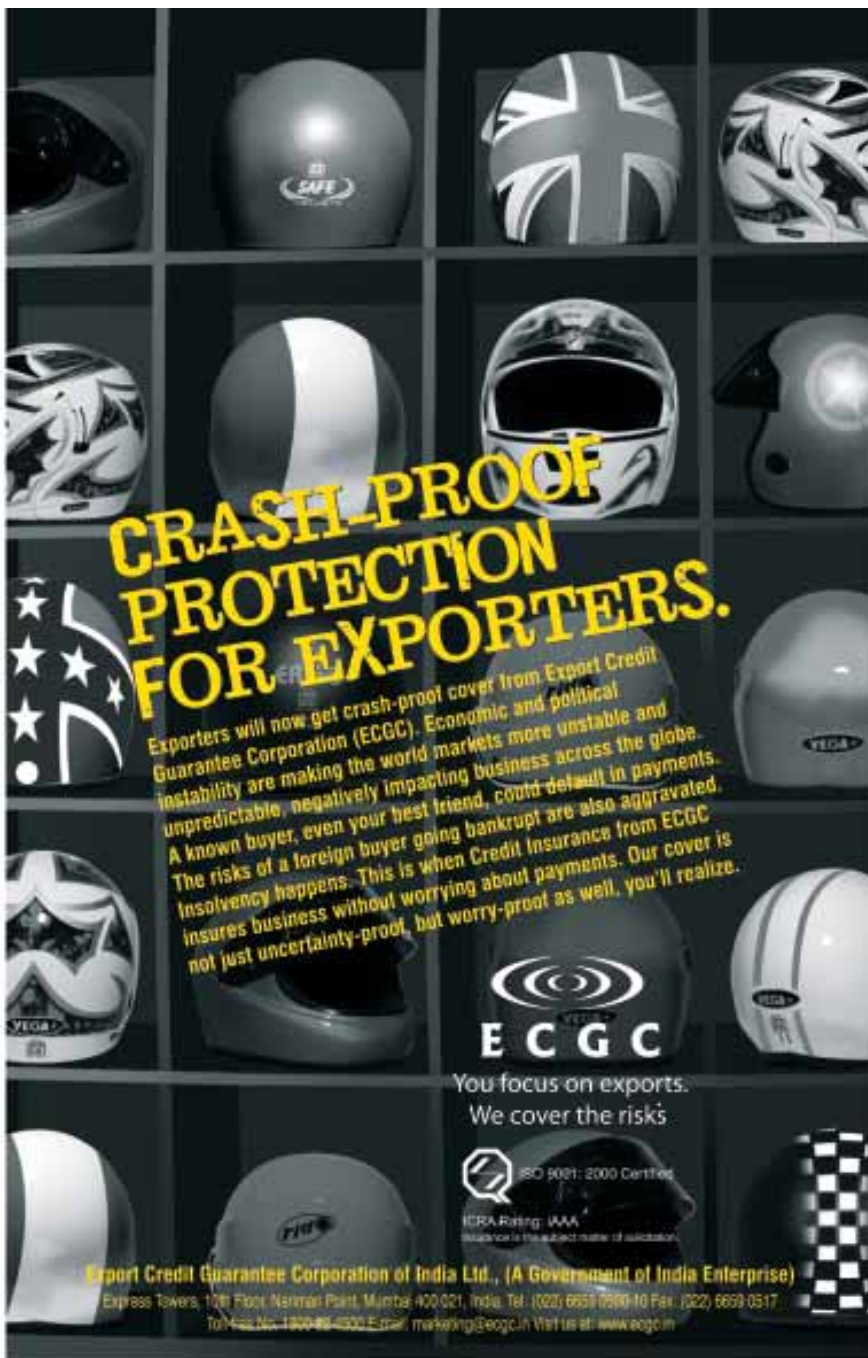
Chemical hazards (493 notifications; 26%, injuries (405; 21%) and choking (261; 14%) were the most common risks to consumers identified by the report.

60% of the notifications relate to Chinese-made products compared to just 20% for goods manufactured in the EU, reflecting the fact that 80% of the toys in Europe are made in China.

Spain tops notification charts

Spain was the country that recorded that highest number of notifications in 2009 (220; 13%), closely followed by Germany (187; 11%) and Greece (154; 9%). ■ *Source : euractiv.com*





CRASH-PROOF PROTECTION FOR EXPORTERS.

Exporters will now get crash-proof cover from Export Credit Guarantee Corporation (ECGC). Economic and political instability are making the world markets more unstable and unpredictable, negatively impacting business across the globe. A known buyer, even your best friend, could default in payments. The risks of a foreign buyer going bankrupt are also aggravated. Insolvency happens. This is when Credit Insurance from ECGC insures business without worrying about payments. Our cover is not just uncertainty-proof, but worry-proof as well, you'll realize.

ECGC
You focus on exports.
We cover the risks

ISO 9001: 2000 Certified
ICRA Rating: AAA
Insurance is the subject matter of solicitation.

Export Credit Guarantee Corporation of India Ltd., (A Government of India Enterprise)
Express Towers, 17th Floor, Nariman Point, Mumbai 400 021, India. Tel: (022) 6693 0500-10 Fax: (022) 6693 0517
Toll Free No: 1800-46-4500 E-mail: marketing@ecgc.in Visit us at: www.ecgc.in



Protectionism worldwide decreases

For the first time since the onset of the global economic crisis in mid 2008, the fourth quarter of 2009 saw a substantial decrease in industry demands for temporary new import barriers under potentially WTO legal "trade remedy" policies - antidumping, safeguards, and countervailing duty (anti subsidy) policies.

Compared to the same time period in 2008, the fourth quarter of 2009 resulted in a 23.8% decrease in newly initiated investigations in which domestic industries request the imposition of such new import restrictions. Despite signs that the fourth quarter 2009 could become a turning point for the demands for new trade barriers during the crisis, the annual data are more sobering. Total industry requests for trade barriers in 2009 were 19.7% higher than the total requests for 2008, which were 35.0% higher than the 2007 total. In the fourth quarter of 2009, fourteen different WTO member economies initiated new trade remedy investigations. Developing countries initiated 76.9% of the new investigations, while industrialized economies initiated the remaining 23.1%.

The fourth quarter 2009 also provided the first substantial crisis era evidence of the anticipated increase in the imposition of the new trade barriers that can come at the conclusion of the investigations that were initiated earlier. An increase in imposed barriers has been expected given the increase in investigations initiated during the earlier stages of the global economic crisis; a trend likely to continue into 2010 given the backlog of ongoing investigations. ■ *Source: World Bank*

CAUTION NOTICE

We have been informed by the Embassy of India, Turkey that a Turkish company with registered name HIM IMPORT & EXPORT CO. LTD. with its address in Gaziantep, Turkey, has cheated two Indian companies. The modus operandi - one Mr. Mehmet Gungen sends purchase order to the unsuspecting Indian companies given details of their bank- Credit Union Factoring- Gaziantep Branch, Turkey with its swift code (CUFATRISXXX), etc. The Indian companies send in the export documents to the Credit Union Factoring, not understanding that it is not a bank. This is a company set up by the owners of HIM Import & Export Co. Ltd. for cheating foreign companies. Once the documents would arrive in their hands, they would get the consignment released. One must be careful if the bank is situated in Northern Cyprus or so called "Turkish Republic of Northern Cyprus (TRNC)"



Amendments in Foreign Trade Policy

Copy of Notification No. 32 /2009-14, dated 26th February, 2010

S.O (E) - In exercise of powers conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (No. 22 of 1992) read with Para 1.3 of the Foreign Trade Policy (FTP), 2009-14, the Central Government hereby makes the following amendment in Foreign Trade Policy:

1. 1. The first sentence of Para 3.17.11 of FTP 2009-14 is replaced as under:

"Duty Credit Scrips can also be used / debited towards payment of Customs Duties in case of EO defaults under Authorizations issued under Chapters 4 and 5 of the Policy".

This issues in Public Interest.

Sd/-

(R.S. Gujral)

Director General of Foreign Trade and Ex-Officio Special Secretary to the Government of India

Packaged or Canned Software Exempt from Service Tax

Copy of Notification No. 17/2010-Service Tax, dated 27th February, 2010

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service providing packaged or canned software, intended for single use and packed accordingly, for the purpose specified in item (v) of clause (zzzze) of sub-section 105 of section 65 of the said Finance Act, from the whole of service tax, subject to the following conditions, namely:-

- (i) document providing the right to use such software, by whatever name called, if any, is packed along with the software;
- (ii) the importer has paid the appropriate duties of customs on the entire amount paid by the buyer; and
- (iii) the benefit under notification No. 31/2010- Customs dated the 27th of February, 2010 is not availed of by the importer.

(Prashant Kumar)

Under Secretary to the Government of India

Renewal of Membership of the Council for the year 2010-11

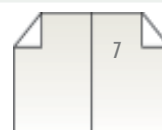
MEMBERSHIP RENEWAL with this Council for the year 2010-11 falls due w.e.f 1st April 2010. You are, therefore, requested to please arrange to send this office your MEMBERSHIP RENEWAL SUBSCRIPTION for Rs. 8000/- through DEMAND DRAFT, (or multicity cheque payable at par) for the year 2010-11 latest by 30th APRIL 2010.

I may also add that it is obligatory on the part of all the member-firms in pursuant to Membership Rules No. 7 (a) and 8(ii & iv) and as per decision of C.O.A to submit your export progress return/s of the preceding year by 30th June, 2010 along with trade contribution thereon. Export Certificate duly authenticated by a Chartered Accountant on his letter head with his signature, seal and Registration Number allotted to them substantiating the total F.O.B value of export of sports goods/Toys affected by you during the year 2009-10 including that for NIL exports should also be enclosed with trade contribution.

The final dates for sending Membership Subscription and export returns with trade contribution are again given below:-

Membership Subscription for the year 2010-11.	30.04.2010
Export Progress returns for the year 2009-10 along with Trade contribution and C.A. Certificate.	30.06.2010

If any member firm fails to submit the above information to the Council on the dates mentioned against each, they would not be eligible for the services rendered by the Council i.e.. Participation through the Council in Fairs & Exhibitions in India and abroad, M.D.A/MAI. grants, Visa recommendations, circulars and Export Awards etc.





Recovery of drawback amount on the portion of the FOB value of export not realized by the exporter but compensated by ECGC

Copy of Circular No. 7/2010-Customs, dated 23rd March, 2010

I am directed to say that payment of duty drawback is governed by provisions of section 75 of the Customs Act, 1962 and the rules made there under. Section 75 of the Customs Act provides that where any drawback has been allowed on any goods and the sale proceeds in respect of such goods are not realized within the time allowed under the Foreign Exchange Management Act, 1999 such drawback shall be deemed never to have been allowed and the Central Government may, by Rules made under section 75 (2), specify the procedure for the recovery of the amount of such drawback. A procedure has also been laid down under the Customs, Central Excise and Service Tax Drawback Rules, 1995 for recovery of drawback in case of non-realization of export proceeds. Therefore, the amount of drawback paid in all such cases where export proceeds have not been realized has to be recovered.

However, it has been brought to notice of the Board that some exporters are resisting recovery of drawback in cases where export proceeds have not been realized citing provisions in Handbook of Procedure (HBP) (Vol. 1) of the Foreign Trade Policy (FTP) discussed below.

Para 2.25.1 of the Handbook of Procedure (HBP) (Vol.1) of the Foreign Trade Policy (FTP) 2009-2014 provides that payment through ECGC cover would count for benefits under FTP. The FTP 2004-09 (Para 2.25.1 of the HBP v.1) and the FTP 2002-2007 (Para 2.25.3 of the HBP v.1) also had the same provision. The DGFT vide Policy Circular No.12/2002-2007 dated 1.11.2002 had clarified that this provision would also be applicable to exports made or licenses issued prior to 01.4.2002.

Further, a new provision has been made in the current FTP (Para 2.25.4 of the HBP v.1, 2009-14) which provides that realization of export proceeds shall not be insisted under any of the Export Promotion Schemes under the Foreign Trade Policy, if the Reserve Bank of India (RBI) writes off the requirement of realization of export proceeds on merits and the exporter produces a certificate from the concerned foreign Mission of India about the fact of non-recovery of export proceeds from the buyer. However, this would not be applicable in self-write off cases.

Since the Drawback scheme is governed by the provisions of the Customs Act, 1962 and the Rules made there under which clearly provide that drawback should be recovered if sale proceeds have not been realized, it is hereby clarified that provisions contained in para 2.25.1 and 2.25.4 of the HBP v.1 (2009-14) would not be applicable to the Drawback scheme. Hence, 'Drawback' would not be payable in cases where export proceeds have not been realised in accordance with the provisions of the Foreign Exchange Management Act, 1999 even if the claim has been settled by ECGC or realisation waived by RBI. Action should be taken for recovery of drawback amount in such cases.

A suitable Public Notice and Standing Order may be issued for the guidance of the trade and staff. Difficulties faced, if any, in implementation of the Circular may be brought to the notice of the Board at an early date.

Yours faithfully,
(Pramod Kumar)

F.No.609/121/2007-DBK

Editor: Tarun Dewan

XSPORTS is the newsletter of the **Sports Goods Export Promotion Council**

1-E / 6, Swami Ram Tirth Nagar, New Delhi -55; Tel: (+91) 11 23525695, 23516183; Fax: (+91) 11 23632147

E-mail: mail@sgepc.in ; Website: www.sportsgoodsindia.org

Editorial Support, Design and Production by Establishments Promotion Bureau

B-14, Aditi Apartments, 16-A I.P. Extension, Delhi - 92

Tel: 22246094, 64631211; Telefax: 22733605; E-mail: mail@epbureau.com