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Weekly Highlights & Hot Bites, #6

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Report Highlights:

***Indian AgMinister seeks tariff protection for farmers*, *India to stress TRIPS issue at Japan meeting*, *Seek livelihood-security system at WTO Cancun meeting, says Dr. Swaminathan*, *Wheat exporters defaulting*, *Cargill may trade on Indian commodity exchanges*, *Industry body seeks protection for oilseed farmers*, *Cut in soya oil reference price likely*, *India ratifies protocol on transgenic safety*.**

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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INDIAN AG MINISTER SEEKS TARIFF PROTECTION FOR FARMERS

According to Indian Agriculture Minister, Ajit Singh, protection through tariff is the only way to protect Indian growers against unfair competition from other countries where the domestic support and export subsidies are high. India would also require strengthening of the global trade agreement's clause on special safeguard measures to ward off injurious imports. The sanitary and phytosanitary norms need to be reasonable and uniformly applicable to all nations. Commodities are being identified where fresh negotiations will be needed to hike the WTO-bound tariffs. (Source: Business Standard, 1/30/03)

INDIA TO STRESS TRIPS ISSUE AT JAPAN MEETING

Even as developed countries are pushing for the inclusion of the contentious Singapore issues (government procurement, trade in investment, trade and competition, trade and environment, and trade preferences) on the agenda of the mini-ministerial in Japan scheduled to commence on February 14, India's new Commerce Minister, Arun Jaitley, said India would limit its focus to TRIPS, public health and agriculture. India's stance has been bolstered by support from over a dozen African countries, including Zimbabwe, Kenya, Uganda, Nigeria, and Morocco, who want India to take a lead in all WTO negotiations on agriculture to build a common strategy to protect against the flooding of farm products from developed nations threatening their domestic agriculture. (Source: Business Standard, 2/5/03)

SEEK LIVELIHOOD-SECURITY SYSTEM AT WTO CANCUN MEETING, SAYS DR. SWAMINATHAN

The WTO's next meeting of negotiations at Cancun slated to be held in September will be of the utmost importance for Indian agriculture, according to Dr. M.S. Swaminathan, India's most respected agriculture scientist. According to him, the livelihood security of the 500 million Indian farmers depends on this round. In order to ensure a fair trade agreement, he has suggested that India should demand to abolish all boxes and compile a transparent and actionable code of conduct with reference to trade distorting subsidies or support. Alternatively, the negotiators should ask for the introduction of a 'Livelihood Security Box', which will authorize countries where over 50 percent of the population depend on agriculture for their survival to impose quantitative restrictions on the imports of specific commodities, where such imports would be likely to destroy rural livelihoods and increase distress in the farm sector. (Source: Financial Express, 2/3/03)

WHEAT EXPORTERS DEFAULTING

India is defaulting on wheat export contracts made after December 18, as the government has since stopped its allocation of luster lost wheat, according to a Hyderabad-based global trading company official. According to him, the inability of exporters to meet their commitments has already started to affect India's credibility in the global wheat market. (Source: Business Line, 1/31/03)

CARGILL MAY TRADE ON INDIAN COMMODITY EXCHANGES

Cargill Inc. plans to trade in futures contracts, options, and derivatives on various commodity exchanges in India via its Indian subsidiary Cargill India Pvt. Ltd., and would hedge physical commodity positions. The domestic trading activities of the Indian subsidiary would be confined to bulk imports and ex-port and ex-bonded warehouse sales, and would not undertake domestic retail trading in any form. (Source: Economic Times, 2/4/03).

INDUSTRY BODY SEEKS PROTECTION FOR OILSEED FARMERS

The apex body of India's oilseeds sector, Central Organization of Oilseeds Industry and Trade (COOIT), has asked the government to raise the duty on edible oil imports to their respective bound rates to safeguard the livelihood of country's farming community, as developed nations continue with huge subsidies to their farmers. An official of the COOIT has mentioned that the Indian edible oil sector is unable to compete with cheaper imported oils because of low productivity of oilseeds in the country and heavy subsidies provided abroad. The president of the association was reported to have indicated to the government last October that the bound rate of 300 percent on some of the edible oils is of no practical relevance in the context of the low bound rate for soybean oil as there is a fair degree of substitutability amongst oils. (Source: Business Line 02/04/03)

CUT IN SOYA OIL REFERENCE PRICE LIKELY

Members of the edible oil industry said that the government may soon cut the base import price of soy oil to bring it in line with lower international prices. According to Mr. B.V. Mehta, Executive Director of the Solvent Extractors Association of India, there are strong reasons for the government to cut the base import price. According to Mr. Mehta, a revision is overdue anytime now per the government norms and an announcement to that effect will be made soon. The reference price of soy oil imports is currently set at \$600 a ton. (Source: Business Line 02/04/03)

INDIA RATIFIES PROTOCOL ON TRANSGENIC SAFETY

Inaugurating a workshop on biotechnology, Mr. V. K. Duggal, Special Secretary, Ministry of Environment and Forests, said that India had ratified the Cartagena Protocol on Bio-safety last month seeking to minimize the risks to environment and human health during the transfer and use of GMOs. He also added that India has a well-defined regulatory mechanism for development and evaluation of GMOs and emphasized the need to strengthen enforcement mechanisms and monitoring facilities for effective implementation of the regulatory framework. Mr. Duggal stated that this is especially important because biotech applications in health, agriculture and pollution control have raised new challenges for policy makers, especially as biotech interventions in

agriculture products are viewed with logical suspicion. (Source: Business Standard 02/06/03)

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