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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #26

2003

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#### Report Highlights:

**\*India seeks special window in WTO talks\*, \*Jaitley pleads farmers's case at Cairo meeting\*, \*India, China to join hands on WTO agenda\*, \*India, Thailand FTA soon\*, \*Talks soon on trade pact with Singapore\*, \*Free trade agreement with Mercosur likely by August\*, \*Wheat deal with Kenya and Bangladesh\*, \*Bangladesh: IMF approves \$490 million loan under PRFG arrangement\*  
\*Bangladesh: \$300 million World Bank credit to support poverty reduction strategy\*.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1], IN

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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### **INDIA SEEKS SPECIAL WINDOW IN WTO TALKS**

India has sought a special window under the WTO Agreement on Agriculture to provide for special and differential (S&D) treatment by way of a special safeguard mechanism and similar measures. This is in the interests of the 650 million Indian farmers, who depend on agriculture for their livelihood. At a working dinner at Sham-El-Sheikh in Cairo on June 20 to mark the inaugural of the WTO informal meeting of trade ministers, Indian Commerce and Industries Minister Arun Jaitley said S&D measures signify the fourth pillar of the ongoing negotiations to the existing plans of market access, domestic support, and export competition. The Minister also emphasized the significance of transparency and inclusiveness to the agenda and the process at Cancun. (Source: Business Line, 6/22/03)

### **JAITLEY PLEADS FARMERS' CASE AT CAIRO MEETING**

India cautioned WTO members against "over-ambitious" targets in the ongoing negotiations to liberalize trade in agriculture. Speaking at the first session of market access in agriculture at the mini-ministerial of WTO members at Cairo, Indian Commerce Minister Jaitley said "Those who are pushing for high level of ambitions in agriculture must realize that the world is not uniform and that ambitions - as also the situations and conditions - of different nations are different. The issue (market access) in agriculture has political sensitivities, serious economic consequences, and social ramifications. Its impact on different countries may be different. And there is no uniform level of ambition at all. Our level of ambition and our priorities relate to our 650 million farmers, whose average holding is barely 1.57 hectares, and the rural poor." (Source: Economic Times, 06/23/03)

### **INDIA, CHINA TO JOIN HANDS ON WTO AGENDA**

Buoyed by Prime Minister Vajpayee's successful visit to China from June 22-27, India and China decided to further step up bilateral trade and increase cooperation to safeguard the interests of developing nations at the WTO. The Indian Commerce Minister, who accompanied the Prime Minister to China, said that the two countries are the fastest developing as well as the world's most populated nations, had many commonalities, and should stand together in protecting the interest of developing nations at multilateral fora like the WTO. "I hope that the voice of India and China, which together constitute one-third of the world's population, should have a say in the affairs of global trade," he said. (Source: Business Standard, 06/26/03)

### **INDIA, THAILAND FTA SOON**

India and Thailand are likely to conclude a bilateral free trade agreement (FTA) soon. This was indicated when the Thai Minister of Commerce, Adisai Bodharamik, called on India's Minister of Commerce and Industry, for bilateral discussions during the WTO mini-ministerial meeting in Egypt. The idea of an FTA between India and Thailand was launched during the Thai Prime Minister's India visit in November 2001. "Since then, considerable work has been done by both sides in the joint working group meetings on the subject and the draft framework agreement has almost been finalized," according to an Indian government press release. (Indian Express, 06/23/03)

### **TALKS SOON ON TRADE PACT WITH SINGAPORE**

The stage is being set for the third round of joint negotiations on July 1 and 2 in Singapore for finalizing the India-Singapore Comprehensive Economic Cooperation Agreement (CECA). The Indian Commerce Secretary, Mr. Dipak Chatterjee, will lead a 34-member Indian team for the July talks in Singapore. According to informed sources, several more rounds of talks are scheduled, as this would be the first time that India would be signing such a CEAC, which would cover not only a Free Trade Agreement, but also other important areas of bilateral cooperation covering both goods, services, and investments. The CEAC could be signed before April 2004. (Source: Business Line, 06/22/03)

### **FREE TRADE AGREEMENT WITH MERCOSUR LIKELY BY AUGUST**

India expects a free trade agreement with Mercosur, a regional group consisting of Argentina, Brazil, Uruguay, and Paraguay, to be signed by end-August 2003. The list of goods on which preferential treatment is to be accorded by the countries will be finalized this month. When fully operational, India expects the FTA to more than double two-way trade - from \$1.3 billion to over \$3 billion in the next five years. It will remain in force for three years and can be terminated by either side on one month's notice. A preliminary framework agreement with Mercosur was recently signed during the visit of Minister of State for Commerce and Industries Satyabrata Mookherjee to Paraguay. "We view the Mercosur commercial grouping as a prospective close trade partner of India," he said. (Indian Express, 06/24/03).

### **WHEAT DEAL WITH KENYA AND BANGLADESH**

An Indian trading house has clinched a deal to export 40,000 tons of wheat (2002 crop) to Kenya for July delivery at \$123 per metric ton (f.o.b.). The successful execution of the deal, however, hinges on the availability of rail cars to transport wheat to the port of Kandla.

Another Indian trading house sold 12,000 tons of wheat (2002 crop) to Bangladesh at \$135 per metric ton (C&F). India still exports 300,000 tons of wheat every month, and it is incorrect to describe the country's exports as uncompetitive, official sources said. (Business Line, 06/26/03 and 06/25/03)

### **BANGLADESH: IMF APPROVES \$490 MILLION LOAN UNDER PRGF ARRANGEMENT**

The International Monetary Fund (IMF) has approved a three-year \$490-million loan arrangement for Bangladesh under the government's Poverty Reduction and Growth Facility (PRGF) program, with the first disbursement of \$70 million to be made available immediately. The principal structural elements of the program comprise fiscal reform, reforms of nationalized commercial banks (NCBs) and state-owned enterprises (SOEs), more liberal exchange and trade regimes, and improved economic governance. Under the program, real GDP growth is targeted to rise to 6.5 percent by FY06, to be met largely by external assistance on concessional terms, and official reserves would be built to over three months of imports by end-FY06. (Source: The Independent, 06/22/03)

### **BANGLADESH: \$300 MILLION WORLD BANK CREDIT TO SUPPORT POVERTY REDUCTION STRATEGY**

Encouraged by recent progress in Bangladesh's reform efforts, the World Bank yesterday approved a \$300 million credit to support the first phase of implementation of the government's poverty reduction and growth facility, according to a World Bank source. The Development Support Credit is a no-interest loan from the bank's International Development Association (IDA), and will support the initial stages of reforms as outlined by the government's strategy. It is being provided in a single tranche following a number of actions taken by the government as part of its medium-term policy framework. These include the granting of autonomy to Bangladesh's central bank and bringing under its purview the country's Nationalized Commercial Banks and Specialized Development Banks; approval of a new privatisation policy; establishment of an independent Energy Regulatory Commission, and adoption of an energy sector reform plan; establishment of an independent Anti-Corruption Commission; and continued progress in the separation of the judiciary and executive branches of government. (Source: The Independent, 06/21/03)

### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

<i>REPORT#</i>	<i>SUBJECT</i>	<i>DATE SUBMITTED</i>
IN3050	Weekly Highlights & Hot Bites, #25	06/20/2003
IN3051	Monsoon Progress Report, No. 1	06/27/03

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