



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/19/2004

GAIN Report Number: IN4025

India

Agricultural Situation

Weekly Highlights & Hot Bites, #10

2004

Approved by:

Chad R. Russell

U.S. Embassy, FASNEWDELHI

Prepared by:

A. Govindan, Santosh Kr. Singh

Report Highlights:

US Envoy pulls out stops at food show, *Grapes of hazard invite wrath*, *FICCI favors unit-based cap on farm subsidies*, *Traders begin limited wheat buy for exports*.

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.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

US ENVOY PULLS OUT STOPS AT FOOD SHOW

Speaking at the US pavilion in the AAHAR food show on March 12, the United States Ambassador to India, David Mulford, described India as one of the most closed economies in the world. He also suggested lifting the ban on foreign direct investment in the retail sector. Pushing his case, the Ambassador said that India enjoyed an \$857 million agricultural trade surplus with the United States in 2003. The US agricultural exports of \$309 million in 2003 were too small given India's large population, its growing middle-class, and robust economic growth. Ambassador Mulford stated that, although relations between the two largest democracies have improved, trade and investment have underperformed, and the US government wants progress on these fronts. (Source: The Times of India 03/13/04)

Post Comment: The Ambassador's remarks at the AAHAR food show received wide press coverage, some favorable, most neutral, and are available at:
<http://newdelhi.usembassy.gov/wwwhpr31204k.html>

GRAPES OF HAZARD INVITE WRATH

The Center for International Trade in Agriculture and Agro-based Industries (CITA), an Indian NGO, has put out a quarantine alert on grape imports from the United States, alleging that the United States may be dumping pest ridden fresh grapes into India without any phytosanitary checks. Citing a huge gap between the US figures for grape exports to India and Indian figures for grape imports from the United States, CITA also raised apprehensions about gross customs fraud. CITA alleged a possible nexus between importers and Indian custom authorities as the main reason for the unchecked entry of the US grapes. CITA maintains that around 77 pests found in US grapes warrant quarantine measures, and their unchecked entry endangers not just grapes but also other crops. CITA demanded that a detailed pest risk analysis be undertaken, and that the existing quarantine regulations be amended before domestic grapes get infected by exotic pests. (Source: Economic Times 3/12/04)

Post Comment: Post is following this issue.

FICCI FAVORS UNIT-BASED CAP ON FARM SUBSIDIES

The Federation of Indian Chambers of Commerce and Industry (FICCI) emphasized the need for limiting export subsidies on agricultural products on a per unit basis, and not just in value and volume terms. Under the existing rules, World Trade Organization member countries are required to carry out reductions in their aggregate value and volume of export subsidies. But there is no ceiling on export subsidies on a per unit basis. Thus, a country may subsidize fewer exports at higher subsidy rates on per unit basis, which may be targeted at a particular export market. FICCI also feels that the practice of "roll-over" subsidies should be addressed in the current negotiations. FICCI said that, while the overall thrust has to remain on the eventual elimination of all forms of export subsidies as mandated by the Doha Ministerial Declaration, in the interest of taking the negotiations forward, India could examine phasing

out export subsidies on a set of products in the first phase. (Source: Financial Express & Business Line, 03/17/04)

TRADERS BEGIN LIMITED WHEAT BUY FOR EXPORTS

The uncertainty over the government's new foodgrain export policy notwithstanding, the country's leading grain traders are going ahead with making limited purchases of the new wheat crop, which is scheduled to arrive in the markets beginning mid-April. "Almost two months have passed since the new policy was announced, but the Commerce Ministry has yet to come out with the operational guidelines regarding the extent of reimbursement to be made to exporters, and the necessary documentation of procedures to be followed. Under the circumstances, the only option available before us is to undertake procurement on a limited scale in the hopes that the guidelines would be notified in due course," according to Mr. D.P. Singh, president of the wheat exporters' association, "Since the government itself is not seemingly in any hurry to introduce the new scheme, it does not make sense to plan purchases beyond these quantities," said another leading exporter. (Source: Business Line, 03/12/04)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN4021	Weekly Highlights & Hot Bites, #9	03/15/04
IN4024	FAIRS Product Specific – New Sanitary Conditions for Dairy Product Imports	03/18/04

WE ARE ON THE NET

We are available at <http://www.usembassy.state.gov/posts/in1/www43.html> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

FAS/NEWDELHI EMAIL

To reach us at FAS/New Delhi, email us at Agnewdelhi@usda.gov.