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Report Highlights:

United States and India looking forward to new Farm Plan, *Gap between wheat spot and futures rates widens*, *Government panel suggests hike to 30 percent in cotton import duty*, *Soybean Processors Association of India seeks review of 45 percent duty on soyoil imports*.

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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UNITED STATES AND INDIA LOOKING FORWARD TO NEW FARM PLAN

A senior US embassy official on Thursday expressed confidence that a new plan of action, the US-India Knowledge Initiative on Agriculture (KIA), will boost agricultural collaboration between the two countries. The first KIA Board meeting took place in Washington on December 15 & 16, and four areas were identified as priorities for action: a) education, learning resources, curriculum development and training b) food processing and use of by-products and bio-fuels c) biotechnology and d) water management. The next Board meeting is scheduled to take place in February 2006 in India. (Source: The Hindu, 12/23/05)

GAP BETWEEN WHEAT SPOT & FUTURES RATES WIDENS

Despite a tight demand/supply scenario, wheat spot prices continue to rise, while wheat future prices are on a downward trajectory. Currently, the spot price is Rs. 1,000/ton (\$22/ton), which is higher than the futures rate. Spot prices are rising due to strong demand, tight market supplies, and falling government wheat stocks. Wheat futures, however, are under selling pressure, which government acreage estimates (showing higher than expected sowing figures for the upcoming wheat crop) are enhancing. Market sources report that the mismatch between spot and futures is likely to continue until the end of February 2006. (Source: Business Standard, 12/21/05)

GOVERNMENT PANEL SUGGESTS HIKE TO 30 PERCENT IN COTTON IMPORT DUTY

The National Commission for Farmers recommended raising the import duty on cotton from 10 percent to 30 percent, but recommended no change in the import duty on extra long staple (ELS) cotton. (Source: Business Standard, 12/21/05)

SOYBEAN PROCESSORS ASSOCIATION OF INDIA SEEKS REVIEW OF 45 PERCENT DUTY ON SOYOIL IMPORTS

The Soybean Processors Association of India (SOPA) has called for a review of the 45 percent WTO bound rate for soybean oil imports. Citing the competition from cheaper edible oil imports and their impact on falling oilseeds production, SOPA's Chairman appealed to the Prime Minister for a review of the "low" rate for soybean oil, as compared to other edible oils (ranging from 75 - 300 percent). He also claimed that imports of Vanaspati (hydrogenated vegetable oil) from South Asian Association for Regional Cooperation countries, such as Nepal and Sri Lanka, at zero duty, and at lower tariff rates of 30 percent from other origins, are affecting domestic edible oil crushers and Vanaspati manufacturers. (Source: Business Standard, 12/20/05)

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