

Voluntary Report – Voluntary - Public Distribution

Date: April 15,2020

Report Number: IN2020-0017

Report Name: COVID-19 in India - Trade Situation Update

Country: India

Post: Mumbai

Report Category: Agricultural Situation, Agriculture in the News, Agriculture in the Economy, National Plan, Policy and Program Announcements, Trade Policy Monitoring

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Report Highlights:

This report analyzes the impact of India's initial national lockdown (March 24-April 14) on the movement of food and agricultural products, and details the most important measures announced by the national government to mitigate the impact of lockdown restrictions on the food, trade, and agricultural sectors.

Overview

On March 24, 2020, the Government of India (GOI) imposed a nationwide lockdown of 21 days as a measure against the spread of novel coronavirus (COVID-19). On April 14, the same day that the lockdown was supposed to end, Indian Prime Minister Modi extended it for another 19 days, through Sunday, May 3, citing concerns about the mounting level of COVID-19 cases throughout the country. This report considers the impact of the initial lockdown (March 24-April 14) on the movement of food and agricultural products in India, and also provides a list of the most important GOI measures announced to mitigate the impact of lockdown restrictions on exempted activities, which include the production, import, export, distribution, manufacturing, warehousing, marketing, and retail sale of food and agricultural products.

The initial lockdown significantly limited the movement of goods and services along with the country's 1.3 billion population. While the GOI exempted all trade, agricultural, and food related activities from lockdown measures, the lack of additional clarity and varied enforcement at state and local levels led to widespread disruptions of these activities. This has included the temporary closure of ports, food processing facilities, warehouses, and retail outlets, as workers have increasingly stayed at home. Initially, many laborers were constrained from reporting to work as a result of disparate interpretation and implementation by local authorities as to what activities (and, hence, which work force) were exempted. More recently, however, and despite greater clarity at the state and local levels as to which workers are supporting exempted activities, many employees are now choosing to stay home out of fear of COVID-19 transmission.

Soon after the March 24 announcement, agricultural markets and retail food businesses scrambled to obtain the proper permits from local authorities to restart their operations. Unfortunately, this process was not uniform across the country, with some exempted entities having to wait 2-7 days for receiving an exemption permit, depending upon the city or region. As such, the delivery of food and commodities to markets, shops, warehouses, consumers, and processing facilities were delayed. The port of Mumbai, the country's most important port for agricultural imports, was effectively not operating for over a week after the lockdown announcement, leading to a huge backlog of shipments. While ports are making efforts to return to address the backlog and facilitate the entry and exit of new shipments, there remains insufficient GOI personnel to conduct cargo inspections and other clearances, as well as insufficient labor to unload, distribute, and transport cleared product. While central, state, and local authorities are all aware of this problem, it will take time to get the labor force re-engaged at the country's various port facilities.

Interestingly, many local importers and food processors have remained relatively sanguine about the lockdown situation, and expect that their operating conditions will normalize as authorities work to enable their operations. However, serious questions have emerged over how the situation may evolve if the lockdown is prolonged for additional weeks and months. At present, there is no estimate of the trade impact of COVID-19 and the lockdown as trade data for this period is not available yet. Importantly

and positively, Post has not detected a major shift in demand from Indian importers for U.S. products, or a shift in interest from U.S. exporters to the Indian market.

Table 1. Top U.S. Agricultural & Related Products Exports to India

Top U.S. Agricultural & Related Products Exports to India			
(USD Million)	2018	2019	18/19 Change
Tree Nuts	663	823	24%
Cotton	333	599	80%
Ethanol (non-bev.)	265	328	24%
Other Intermediate Products	127	104	-18%
Fresh Fruit	163	63	-62%
Dairy Products	48	60	26%
Forest Products	49	54	10%
Pulses	14	37	161%
Prepared Food	33	35	5%
Chocolate & Cocoa Products	29	22	-25%
Fish Products	17	19	13%
Vegetable Oils (ex. soybean)	17	14	-19%
Feeds & Fodders NESOI	20	13	-34%
Others	62	79	27%
Total	1,840	2,251	22%

Source: USDA – Global Agricultural Trade Atlas

GOI Measures and Developments: March 20, 2020 - April 14, 2020

Since the start of the lockdown, multiple federal ministries have released various notifications announcing measures to identify and help facilitate essential activities, and provide clarity to state-level authorities, ports, and industries.

Table 2. GOI Lockdown Related Measures and Developments: March 20 – April 14, 2020

Date	Ministry	Subject	Number
13-Apr-20	Ministry of Finance	Permits paperless customs clearances through electronic documents/communication	F. No. 450/26/2019-Cus IV
12-Apr-20	Ministry of Home Affairs	Provides additional guidelines to state governments to ensure the movement of essential goods, persons, and services	D.O. No. 40-3/2020-DM-I(A)
11-Apr-20	Ministry of Commerce &	Provides additional clarification on allowed activities	-

	Industry		
8-Apr-20	Ministry of Home Affairs	Consolidated guidelines on the measures for containment of COVID-19	Link
3-Apr-20	Ministry of Home Affairs	Clarification on lockdown measures	Link
3-Apr-20	Ministry of Home Affairs	4th Addendum to guidelines issued by the Ministry of Home Affairs related to the additional categories of essential goods and services related to the agriculture and allied sectors	4th addendum to Order No.40-3/2020-DM-I(A)
1-Apr-20	Ministry of Shipping	Indefinitely extends guidelines that were valid through March 31, 2020, until further notice	Addendum No. 3 to DGS Order No. 04 of 2020
1-Apr-20	Ministry of Finance	Identifies nodal officers from the CBIC Customs Zones/Formations for facilitating Customs clearances amidst the Covid-19 crisis	F. No. CH(IC)/RR/2020/O M-01
31-Mar-20	Ministry of Shipping	Guidelines to ports on exemptions/remissions of penalties, and issues relating to Force Majeure clause	No: PD- I 4033 / 4/2020-PD-VII
31-Mar-20	Ministry of Agriculture and Farmers Welfare	Email notification that Indian Plant Quarantine will accept the email copies of the phytosanitary certificate (PSC) submitted by the importers. The importer will need to eventually submit the original PSC once the lockdown is over.	-
29-Mar-20	Ministry of Home Affairs	Issues directions to district authorities for strict implementation of additional measures to stop movement of migrants, and to provide them with adequate quarantine facilities, food, shelter etc. Ensures payment of wages, non-eviction by landlords etc.	3rd addendum to Order No.40-3/2020-DM-I(A)

29-Mar-20	Ministry of Shipping	Advises shipping lines not to impose any container detention charges on import and export shipments for the period from 22nd March,2020 to 14th April, 2020 (both days inclusive) over and above free time arrangements currently agreed and availed as part of any negotiated contractual terms. During this period, shipping lines advised not to impose any new or additional charges; decision is purely one-time measure to deal with present disruptions caused by COVID-19 outbreak.	DGS Order No. 07 of 2020
29-Mar-20	Ministry of Home Affairs	Instructions to Chief Secretaries of all states clarifying that transportation of all goods without the distinction of “essential” or “non-essential “has been allowed	DO No. 40-3/2020-DM-I(A)
27-Mar-20	Ministry of Home Affairs	2nd Addendum to guidelines issued by the Ministry of Home Affairs related to the additional categories of essential goods and services related to agricultural and allied sectors	2nd addendum to Order No.40-3/2020-DM-I(A)
26-Mar-20	Jawaharlal Nehru Port Trust	Deputy Chairman, JNPT issued Circular that government agencies like JNPT, JNCH, Custom House Agents (CHA), truck transporters, partner government agencies like FSSAI, Plant Quarantine etc. are all linked to port operations and fall under essential services	JNPT/DyCh/2020/COVID 19/127
25-Mar-20	Ministry of Health and Family Welfare	Office memorandum regarding functioning of essential services at FSSAI in view of preventive measures to contain the spread of COVID-19. States that import clearance of goods is an essential service. Ports and food labs also categorized as essential services	Link
25-Mar-20	Ministry of Home Affairs	Addendum to guidelines exempting seaports and their operational organizations for cargo movement, and inter-state movement of goods/cargo for inland and exports from this	Addendum to Order No.40-3/2020-DM-I(A)

		lockdown to ensure regular supply of goods	
24-Mar-20	Office of Commissioner of Customs, Jawaharlal Nehru Custom House (JNPT)	Commissioner of Customs, JNPT appointed 10 Nodal Officers to facilitate and assist importers and exporters on matters related to customs clearances	Est. Order No. 11/2020
24-Mar-20	Ministry of Home Affairs	Invokes Constitution of Empowered Groups under the Disaster Management Act 2005, and provides guidelines on measures to be taken for containment of COVID-19 epidemic	Order No.40-3/2020-DM-I(A)
24-Mar-20	Ministry of Home Affairs	Guidelines issued by the Ministry of Home Affairs for 21-day lockdown	Annexure - Order No.40-3/2020-DM-I(A)
24-Mar-20	Ministry of Home Affairs	Order for lockdown in India for period of 21 days effective from March 25, 2020, and to take effective measures for ensuring social distancing so as to prevent the spread of COVID-19 in the country.	Order No.40-3/2020-DM-I(A)
24-Mar-20	National Disaster Management Authority (NDMA)	Prime Minister Narendra Modi orders a nationwide lockdown for 21 days effective from March 25, 2020	Order No. 1-29/2020-PP (Pt.II)
23-Mar-20	Ministry of Shipping	Notification to state that transport service for carriage of goods by water and any service connected with loading, unloading, movement or storage of goods in any port are essential service.	No: PD- I 4033 / 4/2020-PD-VII
20-Mar-20	Ministry of Shipping	Instructions to all major and minor ports for dealing with novel coronavirus, and for the continued operation of vessels and ports	DGS Order No. 04 of 2020

Note: Jawaharlal Nehru Port Trust notices are included because it is the largest port for U.S. agricultural imports. All other cited documents, orders, and notifications are federally mandated.

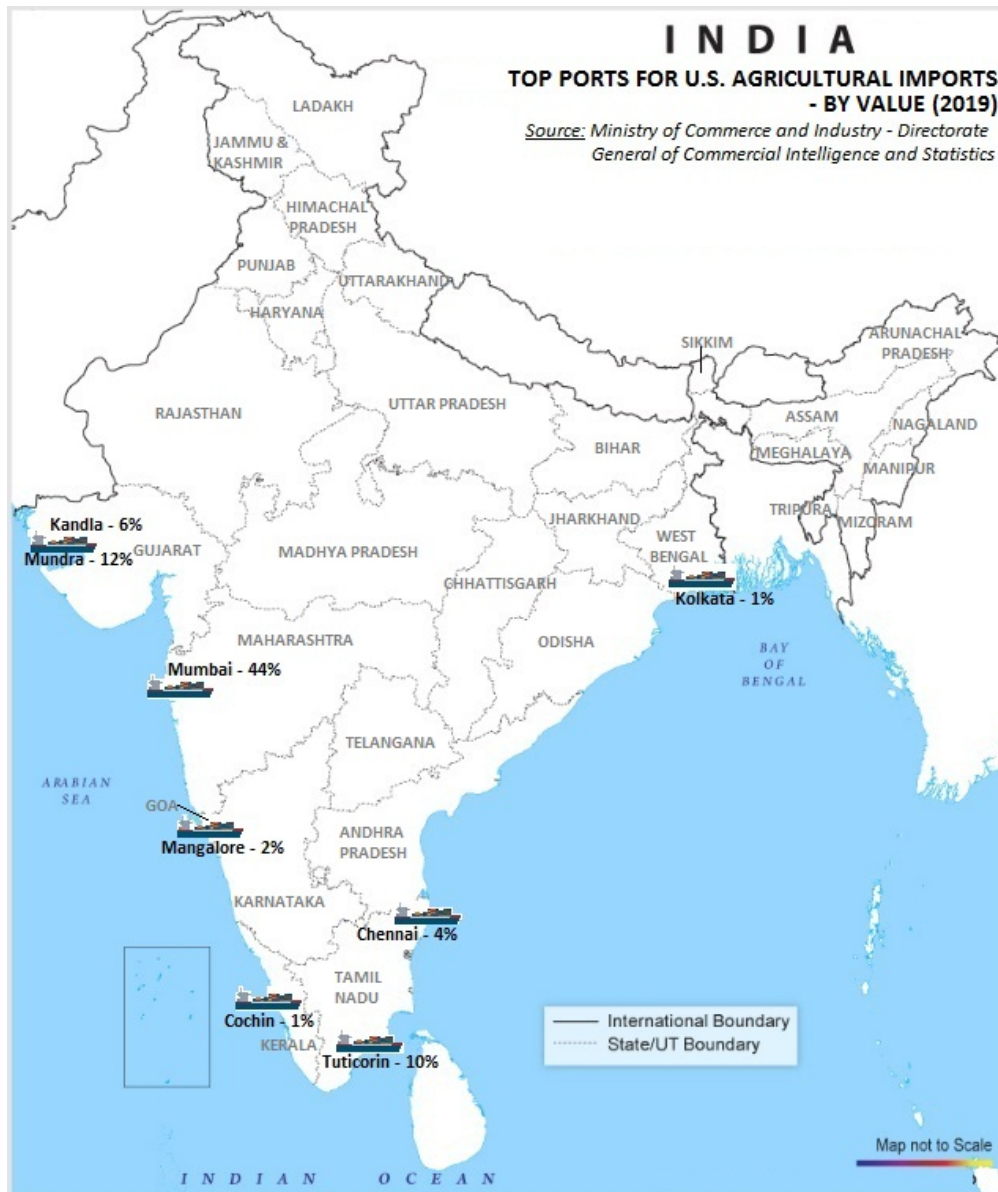
Lockdown Impact on Trade and Ports

Nationwide, port operations slowed down, dramatically, or halted, completely, after the lockdown announcement on March 24. At first, the lack of public transportation and restrictions on vehicle movements severely constrained the ability of customs agents, government inspectors, truckers, crane operators, and other laborers to reach port facilities. This, in turn, led to a massive backlog of shipments waiting to be cleared, which has now largely blocked the flow of new and prospective exports and imports. At present, nine seaports across the country receive over 90 percent of India's total agricultural and related products imports (by value), totaling \$25.3 billion in 2019. Mumbai is the largest receiver of total agricultural imports due to its historical role as a regional trade hub and large population at 22 million (see Map 1), and it is also the most critical port for U.S. agricultural exports to India, taking in 44 percent of total U.S. shipments (see Map 2). The primary U.S. exports received in Mumbai are tree nuts, fresh fruit, cotton, and processed products.

Map 1. Top Ports for Total Agricultural Imports, By Value (2019)



Map 2. Top Ports for U.S. Agricultural Imports, By Value (2019)



For additional information on the current port situation in India as of April 9, 2020, see GAIN Report: [COVID19 in India - Weekly Port Situation Update New Delhi India 04-07-2020](#).

Evolution of the Lockdown as of April 14, 2020

On April 14, Prime Minister Narendra Modi extended the national lockdown until May 3, given the rising number of COVID-19 cases throughout India. However, unlike the first lockdown, the Prime Minister indicated that beginning Monday, April 20, a provisional rollback of the lockdown will be considered in areas where the spread of COVID-19 has either been contained or prevented. The national government is expected to issue additional guidelines on the next phase of the lockdown shortly. Apart from whatever measures the GOI announces, some states are expected to introduce additional initiatives. For example, and given the state's importance as a trade, manufacturing, and financial hub for the country, as well as being home to the Jawaharlal Nehru Port in Mumbai, the state of Maharashtra is expected to soon announce a decision addressing the reactivation of industrial activities and the status of migrant workers.

Local trade contacts hope that national and state governments will accelerate their efforts to facilitate the free movement of goods and labor throughout the country but acknowledge that bringing back workers will continue to be a challenge. Many workers have returned to their rural villages due to workplace shutdowns and/or fear of contracting COVID-19. Even when port operations return to full capacity, it will still take weeks to clear the backlog of shipments, extending the delay in a return to "normal" operating conditions.

Attachments:

No Attachments.