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Report Highlights:

***Government mulling new grain export regime*, *Soybean trade wants incentives for farming*, *Don't lose sight of Doha: India*, *Delhi firm's wheat may reach Iraq soon*, *Palm oil freight rates rise on scramble for vessels*, *India announces humanitarian assistance to Iraq*, *New WTO paper on farm trade has gaps: NCAER*, *Bangladesh: Foreign trade institute to begin in May*, *EU may grant funds for trade development*, *India and Singapore sign trade pact*, *Tight seed supplies to temper kharif crop prospects*, *Drought downs grain production by 13 percent*, *Bangladesh: 7-month imports rise 17.48 pc*.**

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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GOVERNMENT MULLING NEW GRAIN EXPORT REGIME

The Indian government is working on a new foodgrain export regime, under which a "minimum stocks" limit will be considered. If government grain stocks fall below this level, sales of wheat and rice to exporters at subsidized rates will be halted. Exporters would be free to export an unlimited quantity of wheat and rice, but without sourcing it from the government at subsidized prices. Even now there is a stipulation that at no point in time should the wheat and rice stocks with the government fall below 14.3 million tons and 10 million tons, respectively. (Source: Business Line, 04/10/03)

SOYBEAN TRADE WANTS INCENTIVES FOR FARMING

In an effort to increase the domestic availability of oilseeds for crushing, the Soybean Processors Association of India (SOPA) has urged the government to offer incentives for farmers to shift to oilseeds from other crops, such as cereals and grains. SOPA has suggested that the government utilize the funds used for subsidizing grain procurement agencies and those available under the program called "Technology Mission for Oilseeds Production" (TMOP) be used to offer these incentives. Additionally, SOPA has asked the government to impose an "oilseed development cess" of Rs 1000 per ton on the imported edible oils to augment the fund. (Source: Business Standard, 04/10/03)

DON'T LOOSE SIGHT OF DOHA: INDIA

Expressing its commitment to the progress of current negotiations under the World Trade Organization (WTO), India said the focus of the talks should be on development issues reflected in the Doha work program. India has expressed concern over the lack of any meaningful progress on implementation issues, special differential treatment, intellectual property rights, and public health. "For many developing countries, the success of Cancun [Ministerial] depends on the successful resolution of these key issues", Mr. S.N. Menon, Additional Secretary, Ministry of Commerce, said. With respect to agriculture, India attached priority to special and differential provisions and looked forward to early discussion on issues like sanitary and phytosanitary and special safeguard measures. (Source: Business Standard, 04/08/03)

DELHI FIRM'S WHEAT MAY REACH IRAQ SOON

More than 21,000 tons of Indian wheat shipped to Iraq, which had been stranded off Dubai for nearly three weeks due to the war, could soon make their way to countries surrounding the war-torn nation. The wheat, initially headed for the Iraqi port Umm Qasar, may now go via Syria, Turkey, Jordan, Kuwait, or Iran; destinations that the United Nations recently identified on its website for shipments under its Oil-for-Food Program for Iraq. "The UN has included our cargo in its priority list", said Mr. R.K. Jain, Managing Director of the Delhi-based Priyanka Overseas Ltd., whose cargo it is. (Source: Business Standard, 04/10/03)

PALM OIL FREIGHT RATES RISE ON SCRAMBLE FOR VESSELS

On worries of escalation of freight rates, shipping rates for palm oil have gone up in response to a heavy rush by the charterers to place advance bookings. For example, freight rates from the southern Malaysian port of Pasir Gudang to west coast of India is currently quoted around \$21-23 a ton compared with \$19/ton that prevailed during February. Though there were no notable disruptions in exports to west Asia, the uncertainties over the export outlook to the region, and rising freight rates because of the ongoing war, have been cited by market participants as the factors behind the recent decline in palm oil prices. This has cushioned the effect of higher freight rates in export markets. (Source: Business Line 04/06/03)

INDIA ANNOUNCES HUMANITARIAN ASSISTANCE TO IRAQ

On April 4, 2003, India announced \$20 million of humanitarian assistance for the war-affected people of Iraq, responding to an emergency appeal from the United Nations. According to a spokesman from the Ministry of External Affairs, the assistance will be made both in cash and in kind, including 50,000 tons of wheat worth \$8 million to the World Food Program. The spokesman mentioned that the modalities for sending the relief materials would be worked out with the UN and its relevant agencies. He noted that this humanitarian aid has nothing to do with the existing contracts between India and Iraq under the U.N.'s "Oil for Food" program. (Source: Indo Asian News Service 04/04/03)

NEW WTO PAPER ON FARM TRADE HAS GAPS: NCAER

The National Council of Applied Economic Research (NCAER), an Indian think tank, has criticized the new WTO paper on agriculture, saying that it has drawbacks and falls short of expectations over issues relating to domestic support and exports subsidies. NCAER has warned that if loopholes were not plugged in the WTO's new draft on agriculture, a fair and market-oriented agricultural trading system will remain a "pipe-dream." Without disciplining some of the elements of the Green Box support that are termed as non-distorting, but that have been misused to shift production distorting support, it is very difficult to discipline the overall trade regime. Elimination of direct support or the Aggregate Measure of Support is not enough, NCAER said in its latest analysis in *Macro Track*. (Source: Business Standard, 04/07/03)

BANGLADESH: FOREIGN TRADE INSTITUTE TO BEGIN IN MAY

The Bangladesh Foreign Trade Institute (BFTI) will start functioning from May 2003 to promote

business and facilitate global trade negotiations. The institute will play a think tank role in helping prepare the Ministry of Commerce for the WTO negotiations, South Asian Preferential Trade Agreement (SAPTA), regional co-operation, free trade talks, and other trade-related issues. The prime tasks of the BFTI would be to develop strategy for Bangladesh in bilateral and multilateral trade issues in the WTO and analyze trade agreements. (Source: The Daily Star 04/08/03).

EU MAY GRANT FUNDS FOR TRADE DEVELOPMENT

The European Union is likely to grant financial assistance of 15 million euros (rs. 750 million) to India for development of trade and investment between India and EU members. Specifically, the funding would be aimed to improve compliance of Indian products to sanitary and phytosanitary and other technical standards of EU countries. Part of the funding would also go toward doing an "impact assessment of the WTO" on various segments of Indian industry. This was mentioned by a delegation of EU ambassadors, led by the Ambassador of Greece, Mr. Efsathios Lazos, while visiting the Chennai Port, where an EU supported technical cooperation project is underway. (Source: Business Line, 04/05/03)

INDIA AND SINGAPORE SIGN TRADE PACT

On April 8, Indian Commerce Minister Arun Jaitley and Singaporean Minister for Trade and Industry, George Ueo, signed a declaration of intent for Comprehensive Economic Cooperation Agreement (CECA) between the two countries. Once the Agreement comes into force, Singapore is committed to setting up a \$1 billion fund to invest in business and infrastructure in India. The CECA is expected to create a Free Trade Area between the two countries, an open skies agreement to facilitate unimpeded air links, education and investment promotion, and various other steps to integrate Singapore's economy with India. The CECA is expected to further cement India's growing economic relations with South East Asia, apart from enhancing its strategic relations in the region. "Strategically, it will facilitate India's integration with the ASEAN. Economically, the CECA is the first step towards greater integration of Indian and ASEAN markets and will catalyze a successful conclusion of the ASEAN - India FTA (Free Trade Agreement)", stated the visiting Singapore Prime Minister, Goh Chok Tong. "The CECA demonstrates the commitment of the Indian government to liberalization and regional economic integration," he remarked. (Source: Pioneer, 04/09/03)

TIGHT SEED SUPPLIES TO TEMPER KHARIF CROP PROSPECTS

Tight seed supplies for planting various crops in the ensuing *kharif* season could potentially affect crop prospects for 2003/04. It is unclear how the government will deal with the emerging seed shortage. Last year's drought has reduced production of several crops, which, combined with fall in rural incomes, could affect seed availability and demand. However, availability of "hybrid" seeds may not pose a problem, as private seed companies might have produced enough for the market and there are large carry-over stocks. (Source: Business Line, 04/07/03)

DROUGHT DOWNS GRAIN PRODUCTION BY 13 PERCENT

The government has marginally revised its 2002/03 foodgrain production upward to 184.1 million

tons from its earlier estimate of 183.2 million tons, still 28 million tons (13 percent) below last year's output of 212 million tons. The setback to production is attributed largely to the 19 percent deficiency in monsoon rains, with 19 of the 36 weather subdivisions receiving scant or deficient precipitation. *Kharif* (fall and early winter harvested) grain production is estimated at 89.5 mmt and the *rabi* (spring harvested) grain production is estimated at 94.6 mmt. The revised production estimates of various crops in million tons are: rice - 76.9; wheat - 70.3; coarse grains - 25.1; pulses - 11.8. (Source: Business Standard, 04/05/03)

BANGLADESH: 7-MONTH IMPORTS RISE 17.48PC

Bangladeshi imports rose by 17.48 per cent, in terms of Letters of Credit opened in first seven months of the current fiscal year, compared to the same period of the previous fiscal (2001-2002). Increases include: Food grains, up 188.75 per cent, consumer goods up 62.25 percent, industrial raw materials up 16.81 per cent, and capital machinery up by 49.17 per cent. (Source: The Daily Star, 04/04/03)

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