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Approved by:
Oliver Flake
U.S. Embassy, New Delhi

Prepared by:
A. Govindan, Deepa Dhankhar

Report Highlights:
First Indian mango export consignment to the U.S. leaves, *India joins Trillion-$ Club*, *EU, India set to fight 'spirited' battle at the WTO...*, *...Ministries in 'spirited' war over duty cut*, *Government says no subsidy for private pulse imports*, *National group formed to oppose Wal-Mart entry*, *Retail sector to up share to over 20 percent by 2010*, *Too many Bt Cotton brands leave AP farmers confused*, *Government refuses to divulge details of GM field trials*, *Mandatory food labeling rules will be effective Aug 20*, *Produce and Perish*.

Includes PSD Changes: No
Includes Trade Matrix: No
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[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 and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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.

FIRST INDIAN MANGO EXPORT CONSIGNMENT TO THE U.S. LEAVES

The United States Department of Agriculture (USDA) has finally decided to grant market access for Indian mangoes, thus paving the way for commercial mango exports from India to the U.S. The first export consignment of Indian mangoes was shipped from Mumbai to the U.S. on April 26, 2007. Initially India will be exporting *Alphonsos, Banganapalli, and Kesar,* the early maturing varieties, while the late maturing varieties such as *Langra, Chausa, Mallika,* and *Dussheri* are proposed for exports in the latter part of the mango season. Exports of Indian mangoes to the U.S., which was a long-standing Indian request and an unresolved bilateral phytosanitary issue, has finally come through only as a consequence of protracted negotiations between the USDA and Indian Ministry of Agriculture officials. The USDA brought out Import Rules for Indian mango, prescribing irradiation phytosanitary treatment and is based on a mutually agreed treatment protocol, which aims at assuring that there would be no risk of introduction of plant diseases and pests in the U.S. (Source: Ministry of Agriculture Press Release, 04/26/07)

Post Comment: The full government press release is available at: http://www.pib.nic.in/release/release.asp?relid=27142. The Indian press has given wide coverage to this event.

INDIA JOINS TRILLION-$ CLUB

India just became a trillion-dollar economy and moved into the elite club of 11 economic powerhouses that enjoy this distinction. This is not expected to be a statistical blip, even though India crossed the trillion-dollar threshold as a result of the US dollar slipping below Indian Rupees 41 on April 25. India's Gross Domestic Product (GDP) at market prices is officially estimated to be just over Rs. 41 trillion for fiscal year 2006/07 (Apr-Mar), and that at current exchange rates, translates into a little over a trillion dollars. Considering that in IFY 2000/01, India's GDP was under $500 billion, this means that it has more than doubled in the last six years. Successive years of eight to nine percent growth have obviously helped, but ironically so has the fact that inflation has been relatively high, which means the growth in nominal GDP is much more than in real terms. The recent strengthening of the rupee against the dollar has provided the final push to take the economy beyond the trillion-dollar mark. Even if the economy grows by as little as five percent in the current year and inflation stays at around five percent level, India's GDP for IFY 2007/08 would be over one trillion dollars, even if the rupee depreciates against dollar to Rs. 45 per dollar. (Source: Times of India, 04/27/07)

EU, INDIA SET TO FIGHT 'SPIRITED' BATTLE AT THE WTO ...

India and the European Union (EU) are set to clash at the WTO over Indian duties on imported wines and spirits. The WTO's dispute settlement body has established a panel to rule on the matter following a second request from the European Commission (EC). The panel could take up to six months to come up with a finding. The EC had first requested a dispute panel on April 10, 2007. But India had refused on the grounds that the request was premature and talks were still on between the two parties, with the Indian government examining ways to resolve the issue. The EC, however, does not seem to have been convinced. Joining the EC are Australia, Chile, Japan, and the U.S., which have reserved their third-party rights. India has expressed confidence that the panel will find measures that are consistent with its WTO obligations. (Source: Economic Times, 04/26/07)

... MINISTRIES IN 'SPIRITED' WAR OVER DUTY CUT

The draft Bill proposed by the Finance Ministry to reduce high duties on imported liquor has hit a roadblock with the Law Ministry yet to approve the Bill. The Law Ministry has questioned the rationale of the proposed Bill and also is believed to have expressed reservations on the wording and structure of the draft. The Bill is of significance as the WTO's dispute settlement body has decided to set up a panel to look into the EU's complaint against India on high tariffs on imported wines and spirits. According to the Finance Ministry, the Bill seeks to levy the countervailing duty at rates equal to rates of excise duty (production taxes) on domestically produced liquor prevailing in each state. The states will also not be permitted to levy any other tax or duty, applicable exclusively on imported liquor. The EU has reportedly questioned the basis on which the legislation is being brought in saying the Bill and the countervailing duty still amounts to breaching of the national treatment of the WTO agreement. (Source: Financial Express, 04/26/07)

GOVERNMENT SAYS NO SUBSIDY FOR PRIVATE PULSE IMPORTS

The government has refused to extend the 15 percent subsidy given to government-owned agencies importing pulses to private pulse importers saying it has no mechanism to check over-billing by private traders. "We had a meeting with senior government officials last week on the subsidy issue. The government did not accept our demand to extend the 15 percent subsidy to private importers of pulses," said the Pulse Importers Association of India President Mr. K.C. Bhartiya. The Association's argument was that if the government was serious about checking the rise in prices of pulses, it should extend the subsidy granted to state agencies to private importers, as state agencies would not be able to contract large quantities at a price that could have a stabilizing effect on domestic markets, as the private trade is the largest importer of pulses. (Source: Business Standard, 04/25/07)

Post Comment: To check the rising price of pulses (peas, beans, and lentils), on April 12, 2007, the government decided to import 1.5 million tons of pulses over the next six to eight months through government agencies such as STC, MMTC, PEC, and NAFED and promised to give a 15 percent subsidy on imports to these agencies.

NATIONAL GROUP FORMED TO OPPOSE WAL-MART ENTRY

A national group has been established to oppose the entry of the big retail players particularly, Wal-Mart in India. The group called the 'National Joint Action Committee for Retail Democracy' is comprised of organizations of traders, hawkers, farmers, and trade unions. The group launched a national level campaign against the growth of both domestic and foreign retail chains. The head of a US-based community organization 'ACORN' reported that many communities have successfully blocked Wal-Mart's entry in several rural and urban areas in several countries. Being associated with several movements against Wal-Mart, he also cited cases of the Company's anti-union policies and numerous pending lawsuits for various labour violations. (Source: The Business Line, 04/25/07)

RETAIL SECTOR TO UP SHARE TO OVER 20 PERCENT BY 2010

According to a retail sector report released by the Federation of Indian Chambers of Commerce and Industry (FICCI), the organized retail sector is likely to increase its share from the current 4 percent to over 20 percent by 2010. For boosting retail growth, the FICCI chamber has provided recommendations such as granting industry status to the sector, allowing foreign direct investment, tax ratio rationalization and public-private initiatives for creating trained manpower, for boosting retail growth. FICCI does not feel there is any need for a regulator for the sector. Organized retail is expected to grow at a compound annual growth rate of 50 percent to be worth of $90 billion by 2010. (Source: The Economic Times, 04/22/07)

TOO MANY BT COTTON BRANDS LEAVE AP FARMERS CONFUSED

According to a study conducted by a US professor, seed buying decisions become difficult for farmers in Andhra Pradesh with the availability of so many seed brands and lack of seed testing. His study also found that the increase in the area under Bt cotton is largely the result of social learning, where farmers rely on a word of mouth to choose seeds. The study shows that farmers' inability to identify various seeds contributes to their suffering. The solution suggested is that farmers should revert back to the seed production and testing system. (Source: The Indian Express, 04/22/07)

GOVERNMENT REFUSES TO DIVULGE DETAILS OF GM FIELD TRIALS

Despite an order by the Supreme Court (SC), the government has avoided explicitly mentioning 'implications and biological results' of field trials of biotech crops. On the other hand, the government has questioned the competence of the SC for issuing such orders. The government has only divulged a complete list of 144 applications approved for testing of biotech crops since 2006 and has detailed the process followed for food crop trials, without explaining the possible public health and environmental impacts of such trials. However the petitioners, in a new application, have demanded complete details on all locations, trials and genetic sequences of testing of these 144 crops, in addition to carrying out comprehensive nationwide tests for contamination of fields and foods as a result of these trials. (Source: The Times of India, 04/22/07)

MANDATORY FOOD LABELING RULES WILL BE EFFECTIVE AUG 20

The mandatory food labeling rules, notified by the Ministry of Health and Family Welfare last year, would be effective from August 20, 2007. The rule (Prevention of Food Adulteration 7th Amendment Rules, 2006) will cover food products including edible oils. The regulation requires every food product label to declare information on the name and list of ingredients, net contents, batch number, lot number and date, and month and year of manufacture. (The Financial Express, 04/26/07)

Post Comment: For additional details on the regulation please see: http://www.mohfw.nic.in/Noti%20491.pdf

PRODUCE AND PERISH

According to a World Bank study, the Indian farmer receives one fifth of the consumer price for fruits and vegetables. Middlemen such as transporters, wholesalers, and retailers who bring the produce from the farm to the market grab a lion's share. Despite being a large, low cost producer, India's share in the global market is insignificant, accounting for merely 1.7 percent and 0.5 percent of the global trade in vegetables and fruits respectively. India imposes an import tariff of 30 percent or even higher on a wide range of horticultural products to protect farmers. The major constraints that constrain India's marketing potential are higher costs added on the ex farm cost, due to poor high transportation costs, and poor safety and quality standards, and opaque foreign trade policies. Preferential access schemes such as from Turkey to EU and Mexico to the US discriminate against imports from other countries and tariff escalation clauses discourage processed food exports by imposing higher tariffs on processed products. (Source: The Times of India, 04/26/07)

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