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Report Highlights:

India to harden stance at WTO, *Biotech: India right on track*, *No grain exports at the cost of food security: Food Minister*, *Re-thinking on Bilateral Trade Pacts*, *Food Bazaar engages Hind Lever in battle*.

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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INDIA TO HARDEN STANCE AT WTO

A new positioning strategy is being adopted by India at the next round of trade negotiations, with the United Progressive Alliance government all set to push its agenda and avoid isolation at the World Trade Organization (WTO). "We are moving into the next round of WTO, and the shift is from abstract to decisions that affect the daily functioning of all our citizens," said Commerce and Industry Minister Kamal Nath. The Minister, who is scheduled to leave for Sao Paulo later this week, firmly believes that market access from trading partners has to be "real and not imaginary." He further stated that India has to garner the support of its alliance partners – Brazil, China, and South Africa – to supplement and reinforce its position at the preliminary talks in Sao Paulo, where a loose grouping of nations – the United States, European Union, Australia, Brazil, and India – are expected to thrash out issues which will ultimately culminate in the criteria for formal talks by the end of July. (Source: Hindustan Times, 06/09/04)

BIOTECH: INDIA RIGHT ON TRACK

According to a report released by Ernst & Young, India is expected to generate \$5 billion in revenue, and create more than one million jobs in the biotech sector over the next five years. This growth is expected as a result of the increased partnering activity, transition to a product-driven model, growth in the bio-generics market, and industry friendly government policies like allowing insurance companies to invest in biotech venture funds and the government's decision to raise the cap for foreign investment in biotech ventures.. Increased partnering activity includes alliances involving contract research and manufacturing, co-marketing, technology transfer, and joint research and development agreements. With its abundant, high quality, low cost, technical manpower, India is emerging as a partner of choice. The report finds that the IPR issue, which is the main hurdle to work with international partners is overcome through confidentiality and non-disclosure agreements. With many generic biotech products expected to come off the patent regime in the next few years, the report suggests that India and China are likely to emerge as major players in the development of a global market for biogenerics. (Source: Financial Express 6/9/04)

NO GRAIN EXPORTS AT THE COST OF FOOD SECURITY: FOOD MINISTER

The government has decided not to give assistance to grain exporters at the cost of food security for the country. The Commerce Ministry had proposed a rs. 6 billion (\$134 million) grain export subsidy scheme to ship 6 million tons of wheat and rice, involving a reimbursement of rs. 1000 (\$22) per metric ton. The Food Ministry has rejected this proposal. Soon after taking over the Ministry of Food, Food Minister Sharad Pawar (who is also Agriculture Minister) said, "Stocks are sufficient, but not enough to export; there will be no exports and subsidy on exports this year." In the last four years, India had exported 19.9 million tons of wheat and 13.5 million tons of rice, and emerged as one of the largest players in the world grain market. (Source: Hindustan Times, 06/08/04)

RETHINKING ON BILATERAL TRADE PACTS

The Indian government has decided to go slow on preferential trade agreements (PTAs), following concerns by domestic industry that there will be a flood of third party imports in the absence of clear policy guidelines on rules of origin. The government also fears revenue losses on account of the withdrawal of import tariffs. Over the last year, India has committed to a host of Free Trade Agreements and PTAs with Thailand, ASEAN, Bimstec, Mercosur, and Singapore. India had been also considering FTAs with Brazil and South Africa. (Source: Business Standard, 06/10/04)

FOOD BAZAAR ENGAGES HIND LEVER IN BATTLE

Fast Moving Consumer Goods major Hindustan Lever Ltd is up for competition in its food and grocery home delivery venture, Sangam Direct, as Food Bazaar launched 'Food Bazaar on Call', a phone shopping and home delivery service in parts of Mumbai. Food Bazaar plans to take this service to North India by next month. The venture will roll out nationally by the year-end. Food Bazaar is part of the hypermarket group Big Bazaar. (Source: Business Standard 6/8/04)

Post Comment: Post plans to conduct an Instore promotion with Food Bazaar in September 2004.

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