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Report Highlights:

***Indian sugar, cereals, and dairy products set to take on world*, *Farmers will decide future of GM crops*, *India needs proper regulatory framework for seeds*, *Seed industry consolidation seen*, *Catch cotton pirates, GEAC tells Gujarat*, *Industry pegs 15 percent rise in soybean area*, *June vegetable oil imports up*, *Pepsi chalks out expansion plan*.**

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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INDIAN SUGAR, CEREALS, AND DAIRY PRODUCTS SET TO TAKE ON WORLD

The Indian government is planning to accord top priority to sugar, cereals, and dairy products for increased market access in the ongoing WTO negotiations on agriculture, as it feels that there is tremendous potential for exports of these products to top markets like the Europe and the United States. However, exporters from India and other developing countries are currently unable to tap these markets due to high domestic support or subsidies there. India is also seeking enlarged market access for processed food, plantation crops, marine products, and horticultural products. The final shape of India's negotiating position at the WTO agriculture discussions is decided by a group of Ministers under the Chairmanship of Finance Minister Jaswant Singh, in which the Ministers of Commerce and Agriculture will play key roles. (Economic Times, 06/10/03)

FARMERS WILL DECIDE FUTURE OF GM CROPS

The International Seeds Federation (ISF) declared their continued support for biotechnology stating that farmers across the world will decide the future of genetically modified crops. The Secretary General of the ISF said, "Farmers across the world, after seeing the benefits of transgenic crops, are in favor of the technology, and are demanding introduction of genetically-modified crops." According to Mr. Mullick, a member of the Indian Seeds Federation, the advance booking for Bt cotton seeds has increased 10 times, corroborating its success among the cotton farmers. Reflecting the views of the ISF he said that one can not pass judgements about biotechnology and only the farmers shall decide its fate. (Source: Business Line, 6/10/03)

INDIA NEEDS PROPER REGULATORY FRAMEWORK FOR SEEDS

India needs to develop a proper regulatory framework to emerge as a key player in global seed trade, said Le Buenec, Secretary, International Seed Federation (ISF), while talking to reporters at the sidelines of the World Seed Congress in Bangalore. "One of the key factors, in terms of exports, is adequate protection of intellectual property rights (IPRs). This proves to be a major concern for companies to export seed to India," he said. For imports, India should be a part of the international system of seed certification and member of the International Seed Testing Association, he added. ISF President Christopher Ahrens said investment to India was restricted till now due to non-favorable conditions, but this was expected to change following new policy initiatives. (Source: Financial Express, 06/10/03)

SEED INDUSTRY CONSOLIDATION SEEN

The Indian seed industry, which is dominated by private sector companies but characterized by low scale operations, is seen heading towards consolidation, according to Rabo India Finance Pvt. Ltd. At present there is a downward spiral of low scale, revenues, realizations, and investments in research and marketing, which is adversely affecting the performance of most domestic players, reports Mr. Kalyan Chakravarthy of Rabo India. "Companies will, therefore, attempt to build scale through mergers and acquisitions, technical and distribution tie-ups," Mr. Chakravarthy said. Moreover, the seed industry suffered a major setback in 2001/02 due to a delayed and insufficient monsoon, resulting in reduced seed demand. The seed industry is gearing up for a big opportunity in plant biotechnology: "The near future could see multinational companies and the large players in the industry investing more to develop and outsource capabilities in transgenic technology," according to Mr. Chakravarthy. (Business Line, 06/10/03)

CATCH COTTON PIRATES, GEAC TELLS GUJARAT

The Genetic Engineering Approval Committee (GEAC) has asked the state government of Gujarat to immediately act against illegal producers of Bt cotton seeds. This is in response to a formal complaint by Mahyco Monsanto Biotech Limited and media reports about spurious hybrids of Bt cotton being produced by a few enterprising farmers of the state. These hybrid Bt cotton seeds are locally produced, crossing male lines from unapproved Bt cotton variety and local female lines. Mahyco Monsanto Biotech Limited is the only company allowed by the GEAC to sell approved Bt cotton hybrids. (Source: Indian Express, 6/12/03)

INDUSTRY PEGS 15 PERCENT RISE IN SOYBEAN AREA

According to the chairman of the Soybean Processors Association of India, soybean planted area this summer is likely to increase by 10 to 15 percent, as farmers are eager to shift from other crops in the hope of better prices. However, the area expansion, according to him, depends on sufficient and timely rains during the monsoon season. (Source: The Economic Times, 06/13/03)

JUNE VEGETABLE OIL IMPORTS UP

Due to poor availability of domestic edible oils, traders are estimating imports to increase by 27 percent to 550,000 tons during June 2003 over the same period a year ago. (Source: The Economic Times, 06/13/03)

PEPSI CHALKS OUT EXPANSION PLAN

Pepsi has earmarked an amount of rs. 4 - 4.5 billion (\$85-95 million) for investments, focusing on an expansion of capacity and networks. Pepsi is also introducing more Tropicana juice flavors like kiwi, strawberry, and tomato along with the existing flavors of orange, grapes, and pineapple. Efforts are also on for more domestic sourcing of the juice concentrates, as most of the concentrates are currently imported. Several projects are being launched with various state governments to grow processable varieties of grapes, pineapples, and oranges. (Source: Times of India, 06/12/03)

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