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Report Highlights:

Avian Influenza notified - Steps to contain Bird Flu initiated, *Avian Flu hits chicken, egg prices*, *Russia lifts ban on Indian rice*, *Starbucks puts India plan on backburner*, *Bharti: Wal-Mart venture plans first outlet by Mid 2008*, *Players rush to build cold chains*, *GOM takes up inter-ministry dispute on bio-fuels*, *Reduction of customs duty on palm oils*.

Includes PSD Changes: No
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Trade Report
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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.

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AVIAN INFLUENZA NOTIFIED - STEPS TO CONTAIN BIRD FLU INITIATED

On July 25, 2007, the Department of Animal Husbandry, Dairying and Fisheries (DADF) notified the outbreak of Highly Pathogenic Avian Influenza (HPAI) in the village Chingmeirong in the east Imphal district of Manipur. The outbreak is reported to be localized and limited to only one unit in the state and there is no other report of unusual mortality or sickness in neighboring areas. Unusual mortality was noticed in 132 poultry between July 7 and July 13, 2007 in the village Chingmeirong in the east Imphal district of Manipur. Samples were forwarded to the High Security Animal Disease Laboratory (HSADL), Bhopal and the National Institute of Virology, Pune. On July 26, 2007, the GOI confirmed that the bird flu strain identified from the dead poultry samples from Manipur have tested positive for H5N1 strain.

Poultry culling operations will be carried out in a radius of five kilometers and surveillance will be strengthened to a radius of ten kilometers from the outbreak area. The Central Rapid response team of the Ministry of Health and a team comprising members from the central Animal husbandry department have been deputed in Manipur to review, assist and monitor the preparedness operations. (Source: The Press Information Bureau, 07/25/07; The Financial Express, 07/27/07)

AVIAN FLU HITS CHICKEN, EGG PRICES

The wholesale prices of broiler chicken and egg in the northern markets dropped by 11 percent and 10 percent respectively after the confirmation of the bird flu outbreak in the state of Manipur. However, poultry industries from southern India deny any impact of bird flu on the demand of poultry products. The Bombay stock exchange also reported a downtrend in the share prices of poultry companies. According to the Manipur state government, the culling operations have commenced in eight villages surrounding the outbreak area and around 150,000 birds are likely to be culled. The National Egg Coordination Committee (NECC) is demanding the zoning of poultry production areas. The GOI has notified the bird flu outbreak to the World Organization for Animal Health. (Source: The Business Standard, 07/27/07)

RUSSIA LIFTS BAN ON INDIAN RICE

Russia has lifted the ban on Indian rice and has started issuing quarantine import certificates from July 20, 2007. On June 5, 2007, Russia's phytosanitary watchdog Rosselkhoznadzor had imposed a total ban on rice imports from India after it found pesticides and other impurities in several consignments. Russia lifted the ban after Indian Commerce Secretary G.K. Pillai, during his Moscow visit earlier this month, had parleys with Russian Agricultural Ministry officials and assured them of tightening control on the Indian end. He had also invited Russian experts to visit India at the time of rice harvest to allay concerns about alleged health hazards posed by the rice grown in India. Moscow had claimed that last year up to 12% of rice imported from India did not meet Russian phytosanitary norms. For similar

reasons, Russia had banned the import of rice from Pakistan, which has not been lifted so far. (Source: Financial Express, 07/25/07)

STARBUCKS PUTS INDIA PLAN ON BACKBURNER

Starbucks Corp. has postponed its plan to enter India, the world's second most populous nation. Starbucks has withdrawn its application to operate single-branded retail stores in India, a spokeswoman for the company said in an e-mail statement. "Starbucks is reviewing all its options and evaluating how it will proceed with regard to entry into one of the fastest growing economies in the world," she said. Starbucks said in August last year that it was looking for a venture partner or licensee to enter India by the end of 2007. The Indian government has limited overseas investment in the retail industry to single-brand merchants, preventing global chains from buying stakes in local companies or setting up their own stores. (Source: Business Standard, 07/21/07)

BHARTI: WAL-MART VENTURE PLANS FIRST OUTLET BY MID 2008

Bharti Group, Wal-Mart Stores Inc's partner in India, plans to open its first retail store by the middle of next year, more than six month after its initial target. Group chairman Mr. Sunil Mittal informed that they plan to have 200 stores in the next seven years. But the delay will make it tougher for Bharti to find the best sites to set up stores as it competes with Reliance and the Aditya Birla group to grab a slice of the country's organized retail market. Mr. Mittal said that rising property rentals and availability of good sites are the biggest challenge the company is facing. Bharti plans to spend \$2.5 billion on the retail network for setting up supermarkets, hypermarkets and convenience stores. (Source: Business Line, 07/24/07)

PLAYERS RUSH TO BUILD COLD CHAINS

In an attempt to leverage the retail boom, Indian and global companies, airport infrastructure companies and railways are focusing on building refrigerated warehouses and perishable product cargo centers across the country. Industry analysts say that total investment committed until now is about \$1.2 billion. Reliance, Future group, and Eastern group are some of the local players planning to enter the sector. Malaysian logistics giant Haisan has initiated discussion with some local companies on a possible joint venture to establish cold chain logistics operations in India. The companies are mainly targeting milk products, meat products, fruits and vegetables, beverages and biologicals. Several private airports are also setting up refrigerated warehouses for cargoes next to the airports. Railways are inviting private parties to run refrigerated container trains for transporting agricultural products. (Source: Business Standard, 07/26/07)

GOM TAKES UP INTER-MINISTRY DISPUTE ON BIO-FUELS

The group of ministers on bio-fuel is facing a challenging task of resolving a dispute between the ministries of Rural Development (MRD) and the New and Renewable Energy (MNRE) over the issue of promotion of biofuels. The MNRE has suggested setting up of National Bio-Fuel Development Board and formulation of National Bio-fuel Policy. Whereas, MRD has demanded of Rs. 13.4 billion (\$331 million) for five years to launch a National Mission on Bio-diesel. (Source: Financial Express 07/25/07)

REDUCTION OF CUSTOMS DUTY ON PALM OILS

The Finance Ministry has announced a customs duty reduction on crude palm oil (including crude palmolein) from 50 percent to 45 percent, refined palm oil (including RBD Palmolein)

from 57.5 to 52.5, and for crude and refined soybean oil from 45 percent to 40 percent along with duty cuts on other edible oils. The Finance Minister said that the decision was taken to mitigate the impact of high global edible oil prices. According to the Chairman of the Central Organization of the Oil Industry and Trade, although the duty cut was mainly to dampen the effect of rising international prices on the domestic industry, India's decision has moved prices up in producing countries. Nonetheless, major edible oil refiners in India have reduced their selling prices after the government's announcement. (Source: The Financial Express, 07/25/07; The Press Information Bureau, 07/26/07)

Post Comments: The Finance Ministry issued a notification (No. 87/2007, dated July 23, 2007 (www.cbec.gov.in/customs/cs-act/notifications/notfns-2k7/cs87-2k7.htm) and subsequently another notification on July 25, 2007 reflecting the correction in the duty of palm oils. www.cbec.gov.in/customs/cs-act/notifications/notfns-2k7/corr_cs87.htm

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