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Report Highlights:

FCI suspends foodgrain allocation for exports, *Move to scrap cotton import duty may hurt domestic producers*, *Food regulatory body in the cards*, *Bt toxin faulty: Gene campaign*.

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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FCI SUSPENDS FOODGRAIN ALLOCATION FOR EXPORTS

A top food ministry official informed that the Food Corporation of India (FCI) has suspended fresh allocations of wheat and rice for exports until the backlog of orders are cleared. Allocations made before the suspension order and consignments for which payments have been made will be cleared for export. The backlog was in view of the railways being unable to allocate railcars for movement of grains to ports. The total backlog of grains is estimated at around three million tons. Although fresh allocations have been suspended from August 7, 2003, officials believe that exports of food grains will continue without hindrance. However, exporters believe that suspension of fresh allocations will mean no new contracts for the next 4-5 months. They also felt that rice exports may not be affected much, while wheat exports could be hit. Some within the trade point at declining foodgrain stocks for the suspension of allocations from the FCI, but officials deny this. (Source: Business Line 08/10/03)

MOVE TO SCRAP COTTON IMPORT DUTY MAY HURT DOMESTIC PRODUCERS

There are reports that the Textile Ministry has recommended abolition of import duty on raw cotton on the ground that it will benefit the domestic cotton textile industry in addition to providing a bargaining chip at the World Trade Organization (WTO). However, some industry experts have raised concerns and want to further analyse the cost and benefits of such a policy change. The abolition of import duty would surely benefit the textile industry by allowing access to lower priced raw material. However, it is unclear what kind of bargaining chip a duty waiver on cotton will provide at the WTO. Besides, cotton is an important commercial crop cultivated on 8.5 million hectares, and it provides livelihood to several thousand farmers. The article further mentions that cotton is a highly subsidized commodity in many of the developed nations, including the US. As for India, no subsidy is granted to cotton producers and the only instrument to rein-in imports that may hurt domestic producers is the custom duty, continues the report. (Source: Business Line 08/13/03)

FOOD REGULATORY BODY IN THE CARDS

Ministry of Food Processing is planning to set up a regulatory authority and a "Council for Food Standards" under a new statute to be called "Food Bill 2002". The objective of the new bill is to integrate all laws related to food and food processing industries. Presently, over 30 laws govern the food sector, administered by various departments of the central and state governments. The regulatory body, to be called the Food Development and Regulatory Authority of India, will be headed by a high court judge or a person of eminence in the food sector. It will have about four members from industry. According to reports, the draft of the bill has been examined by the Minister for Food Processing Industries and is being discussed by a group of ministers. The bill is likely to be tabled in parliament soon. (Source: Business Standard 8/9/03)

BT TOXIN FAULTY: GENE CAMPAIGN

A recent study by an NGO – Gene Campaign – reportedly found Bt cotton varieties did not result in much savings in terms of pesticide sprays. According to the NGO, “As the approved Bt cotton varieties were effective only against green bollworm, it led to greater infestation of pink boll worm. To control pink bollworm the farmers have resorted to heavy spraying.” Dr. Sahai, who heads the NGO said, “Constant exposure to Bt toxin without the implementation of the ‘refuge area’ has created a favorable environment for pink boll worm by effectively checking the green boll worm infestation.” The study also revealed that the farmers and local breeders have created their own version of Bt cotton, crossing local varieties with the unapproved Navbharat-151 (Bt) variety. These varieties have spread to many of the cotton growing states through an informal sales network. (Source: Economic Times, 8/9/03)

Post Comment: The local press continues to report varied results regarding the effectiveness of Bt cotton in India. Post will visit production areas within the next month to evaluate producers reactions to this seed technology. For this year’s crop, sales of Bt cotton seed increased significantly.

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IN3074	Tree Nuts Voluntary	08/13/2003

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