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Report Highlights:

Ministries differ on WTO farm issues, *India proposes farm reforms at WTO*, *Farmers would be protected, Commerce Minister*, *Monsanto Vs. Dupont in cotton fields*, *Bumper apple crop delights growers*, *Flour mills seek duty-free import*.

Includes PSD Changes: No
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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 in this report. Significant issues will be expanded upon in subsequent reports from this office.

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MINISTRIES DIFFER ON WTO FARM ISSUES

Serious differences seem to have erupted between the Agriculture and Commerce Ministries over the stand India should take on agriculture-related issues at the WTO Ministerial meeting in Cancun. Though both Ministries broadly agree that the interests of Indian farmers should be safeguarded, there is a divergence of opinion between the two Ministries on how much ground India should be willing to concede on issues of market access and tariff reduction. Agriculture Minister Rajnath Singh was unwilling to share the Commerce Ministry's view of displaying some flexibility in India's approach towards market access and struck to his Ministry's avowed stand that there is no question of making any more concessions in this area. On the issue of tariff reductions too, the Agriculture Ministry is firm in its stand that the tariff cuts committed in the Uruguay Round should not be diluted further, whereas the Commerce Ministry is understood to be willing to negotiate on bindings, if not on applied tariffs. (Business Standard, 10/18/03)

INDIA PROPOSES FARM REFORMS AT WTO

India and 13 other developing countries have given their response to the recent EU-US proposals for agricultural negotiations in the WTO. Commerce and Industry Minister Arun Jaitley said the market access commitments sought to be imposed by the EU and the US completely disregard the interests and concerns of the developing countries with regard to agriculture. "Our response proposes the Uruguay Round approach to tariff reduction by the developing countries and steeper reduction by developed countries using among others, the Swiss formula," Mr. Jaitley said. On subsidies, the Indian proposal is for a time-bound elimination of all export subsidies by developing countries, substantial reduction in all forms of trade distorting domestic support, including elimination of Blue Box measures, and capping of specific Green Box measures such as payments decoupled from prices and production. (Tribune, 08/21/03)

FARMERS WOULD BE PROTECTED, COMMERCE MINISTER

Commerce and Industry Minister Arun Jaitley said that India would press for "sufficient level of border protection for our farmers" at the WTO meeting at Cancun. He said agriculture was the mainstay of the majority of India's population. "We cannot agree to any outcome that would call into question the livelihood security of our farmers who are largely subsistence and marginal producers," he said. Stressing trade reforms were easier in Europe and the United States, that have witnessed and experienced the fruits of development; while in vibrant democracies, like India's, reforms become more complicated, he continued. (Pioneer, 08/19/03)

MONSANTO VS. DUPONT IN COTTON FIELDS

In the cotton fields of India, the biggest slugfest is between the two US corporates, Monsanto with Bt cotton and DuPont with leading pesticide brand Avuant. The war is fundamentally about technology where both Bt cotton and Avuant represent the cutting edge from these

two global players. Monsanto is selling GM seeds which aims to make cotton plants immune to the bollworm pest. DuPont, on the other hand, is selling a pesticide which has proved so efficacious that it has emerged as the top brand in India. However, once farmers switch to large scale cultivation of GM cotton produced by Monsanto and its affiliate seed companies, their usage of pesticide like Avuant will drop sharply. As cotton consumes more than half the country's total pesticide consumption, this will impact DuPont's sales along with other pesticide companies catering to cotton. Nevertheless, according to DuPont, the effectiveness of Bt cotton in increasing returns to Indian farmers is yet to be proven and, thus, Avuant will continue to be the farmers' preferred choice. (Source: Economic Times 8/20/03)

BUMPER APPLE CROP DELIGHTS GROWERS

The upswing in the market at the beginning of the harvesting season has brought cheers to apple growers, who have been apprehending poor prices in view of the bumper crop. The production is set to cross a record 400,000 tons (vs. previous record of 395,000 tons in 1998). Still prices in the fourth week of the season are considerably higher (rs. 50-80/box of 18 kg) than prices last year. The main reason for higher price realization is due to the better quality of the fruit which is a result of favorable weather conditions. Market trends over the past two seasons have also made it clear that imported apples don't pose a threat to local apple producers. (Source: The Tribune 8/18/03)

FLOUR MILLS SEEK DUTY-FREE IMPORT

The Confederation of Flour Mills of Southern States has urged the government to withdraw the 50 percent import duty on wheat. This would enable regular supply of wheat to their mills. The Confederation, in a letter to the Agriculture Minister, said about 200 mills in the region have been facing inadequate supplies of wheat during the past eight months. Though the recent suspension of export of grains has raised their hopes of resumption of supply to the non-wheat growing region, the shortage of rail cars to move grain would still affect supplies. (Business Line, 08/19/03)

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REPORT NO.	SUBJECT	DATE SUBMITTED
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IN3076	India – Tree Nuts Annual	08/19/2003
IN3077	India – Livestock Voluntary	08/21/2003

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