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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites No. 50

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**Report Highlights:**

\*No pressure to cut farm subsidies, Commerce Minister\*, \*India mulls hike in import tariff on agriculture\*, \*Bill to address food safety issues soon\*, \*Punjab to approach centre on Bt cotton\*, \*Support price for oilseeds, pulses likely to be higher\*, \*India, EU should aim for an FTA\*, \*Futures trade in wheat and rice allowed\*, \*Sun Quick fruit juice now in India\*, \*KFC opens outlet in Bangalore\*.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1]  
[IN]

**NO PRESSURE TO CUT FARM SUBSIDIES, COMMERCE MINISTER**

Asserting there was no pressure on India to reduce agricultural subsidies, the government informed the Rajya Sabha (Upper House of the Parliament) that the G-21 countries would hold a meeting on December 12 in Rio de Janeiro, Brazil, to sort out contentious issues in the farm sector. Commerce and Industry Minister, Arun Jaitley said representatives of EU and WTO are likely to attend the meeting. (Indian Express, 12/09/03)

**INDIA MULLS HIKE IN IMPORT TARIFF ON AGRICULTURE**

India has warned that the developing countries will have to increase their import tariffs on agricultural products if the developed countries continue with the current mammoth subsidies regime. Addressing a round table on WTO related issues in the Food and Agriculture Organization at Rome, Indian Agriculture Minister, Rajnath Singh said unfairly gained competitiveness through bulging subsidies and unjustified protection in developed countries have rendered developing countries vulnerable to the agricultural trade regime. "Unabated subsidies by major developed countries leave developing countries with the sole recourse of using tariff related measures to protect their farmers from the adverse consequences of trade distortions," he said.

**BILL TO ADDRESS FOOD SAFETY ISSUES SOON**

Union Minister of State for Food Processing, Mr. N.T. Shanmugam, speaking at the valedictory of the Fifth International Food Convention in Mysore, said that the government has prepared a draft integrated food law to address food safety issues. The bill envisages an independent authority comprising experts to address all food safety issues in a scientific manner and recommends appropriate standards for various food items. The law for regulating food production and trade should not hamper innovation, and it should encourage new process and products, he said. At the same time the new law needs to be aligned with international practices and adhere to a science-based system, he added. (Business Line, 12/10/03)

**PUNJAB TO APPROACH CENTRE ON BT COTTON**

The Punjab government will approach the Union Ministry of Science and Technology for the release of Bt cotton varieties which have been tested in Punjab. This is being done to avoid fleecing of the farmers of the north zone by the unscrupulous traders who are allegedly selling the seeds of Bt varieties which have not been recommended in the northern states of Punjab, Haryana, and Rajasthan. Although trials of two Bt cotton varieties have been conducted successfully for the last two years at Punjab Agriculture University, no Bt variety has yet been approved for cultivation in north India. Since the government has only approved Bt cotton varieties for cultivation in southern and central zones, farmers from northern zones are procuring unapproved Bt cotton varieties. (Source: Tribune 12/08/03)

**SUPPORT PRICE FOR OILSEEDS, PULSES LIKELY TO BE HIGHER**

The Indian government plans to keep the minimum support price for oilseeds and pulses at a comparatively higher level than for rice and wheat over the next three years in a bid to encourage crop diversification. Agriculture Minister Rajnath Singh, however, admitted that existing political exigencies prevented the government from taking a firm stand in favor of freezing wheat and rice support prices in a sustained manner. (Economic Times, 12/11/03)

**INDIA, EU SHOULD AIM FOR AN FTA**

President of the European Commission, Romano Prodi, who was in India to attend the EU-India summit, said the long-term vision of India and the European Union should be a free

trade agreement (FTA) and since this was not possible immediately, step-by-step progress towards this goal is necessary. "We are for progressive free trade. But we must go step-by-step. Currently, we must work towards a multilateral framework," Mr. Prodi said. He said if multilateralism or the World Trade Organization regime failed, it will spell disaster not only to the European Union and India but for every one as well. "We have to break the impasse and give a new momentum to the WTO negotiations by acting together. This means that we have to set aside blame and recriminations. Trade negotiations are a win-win exercise. Those are the rules of the game," he said. (Financial Express, 12/08/03)

#### **FUTURES TRADE IN WHEAT AND RICE ALLOWED**

The Union Cabinet approved futures trading in wheat and rice. Prime Minister Vajpayee is expected to inaugurate the future trading in wheat and rice in Delhi on December 13. (Financial Express, 12/11/03)

#### **SUN QUICK FRUIT JUICE NOW IN INDIA**

Concentrated fruit beverage Sun Quick from Denmark has been launched in India. Made out of natural fruit juice, it contains no added flavor, color, sugar and preservatives. The product will be retailed for rs. 90 for a 330 ml pack. (Source: Financial Express 12/09/03)

#### **KFC OPENS OUTLET IN BANGALORE**

Kentucky Fried Chicken has opened its second outlet in Bangalore. They further plan to open five to seven KFC restaurants in major cities in south India in 2004. Furthermore, the firm is also looking to set up an outlet in Gurgaon in north India. (Source: Business Standard 12/11/03)

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