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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #30

2004

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**Report Highlights:**

\*India pushed food security on top of WTO agenda\*, \*Farmers hit out at revised draft WTO framework\*, \*India's apex medical body expresses concerns over GM foods\*, \*Retail boom tempts big businesses\*, \*Reliance plans to do a Wal-Mart in India\*, \*India and Thailand ink FTA pact\*, \*More FTAs waiting in the wings\*, \*Farm GDP growth may fall\*, \*BANGLADESH: Dhaka welcomes WTO deal\*, \*BANGLADESH: Tk 271 cr (USD 45 million) subsidy on imported fertilizers okayed\*.

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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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### **INDIA PUSHED FOOD SECURITY ON TOP OF WTO AGENDA**

Commerce and Industry Minister, Mr. Kamal Nath said that the recent framework agreement hammered out by WTO members in Geneva, for the first time "enshrines" India's abiding concern on subsistence farmers, rural development needs, and food security into the future WTO negotiations on agriculture. He said the framework on agriculture fully meets India's key demands designed to preserving the country's domestic policy space by providing for special products, special safeguard mechanism, and a special and differential treatment in respect to market access in agriculture. He also stated that the developing countries also thwarted the move to reduce even the minimal level of domestic support being given to them, and as a result the issue was excluded from the agenda for further negotiations in the Doha Round. (Source: Business Line, 08/04/04)

### **FRAMERS HIT OUT AT REVISED DRAFT WTO FRAMEWORK**

The *National Kisan Panchayat* (an apex body of several farmers' organizations) has criticized the revised WTO framework draft as against the interests of Indian farmers. It said if the draft proposals are accepted, it will devastate the livelihood security of 650 million Indian farmers. It said the framework should have given a clear message that all subsidies in agriculture that the developed countries provide will be eliminated within a fixed timeframe for ensuring fair trade. (Source: Financial Express, 08/02/04)

### **INDIA'S APEX MEDICAL BODY EXPRESSES CONCERNS OVER GM FOODS**

In a study entitled 'Regulatory Regime for Genetically Modified Foods: The Way Ahead', the Indian Council of Medical Research (ICMR), India's apex body for the formulation, coordination, and promotion of biomedical research, has raised concerns over the safety of genetically modified (GM) food. It has urged for an overhaul of the existing regulatory mechanism. The study has also expressed concerns relating to genetic pollution and pollen movement, health safety, allergenicity, and potential for gene transfer. But it also says that there has been no report of any adverse health effect of GM foods and there are no peer-reviewed publications on the health effects of GM foods in humans. The study has also expressed concern over the possibility of transfer of genetically modified DNA from plant to gut micro flora of humans and animals. This study was circulated among concerned ministries and departments of the government. (Source: The Financial Express, 7/26/04)

### **RETAIL BOOM TEMPTS BIG BUSINESSES**

Established businesses houses of India like Wadia, Godrej, Hero, and Malhotras are forming strategies to enter the \$180 billion retail market in India. The Hero group has plans to set up a chain of retail outlets on the line of 7-11 stores. Wadia and Malhotras want to join the mall mania. The Godrej group is targeting the food retailing segment by acquiring an existing chain. A large dynamic young core of consumers and the high growth of urbanization are fueling the interest of these groups. The retail rush is also being spurred by the current glut in the commercial real estate sector, as rentals have dropped 10 percent

across the country. A low penetration of the organized sector is another reason. Although retail is the biggest industry in the country, the organized sector accounts for only 2 percent of the total sales. Studies estimate that the organized retail sector in India is set for exponential growth, exceeding 35 percent in the next few years. An international consulting firm estimates that the share of organized sector in retail business will grow from the current 2 percent to around 15-20 percent by 2010. (Source: Times of India, 8/2/04)

### **RELIANCE PLANS TO DO A WAL-MART IN INDIA**

The Reliance Industries, a Fortune 500 Company, is looking at a huge retailing push, which could wind up as India's equivalent of Wal-Mart. The group is planning to set up shopping malls and hyper malls across the country, catering to not only the high-end consumers but also to the mass market. They are looking to source goods from domestic producers of consumer nondurables and also through imports. (Source: Business Standard, 7/30/04)

### **INDIA AND THAILAND INK FTA PACT**

The Indian Commerce Minister announced that the negotiations of the Indo-Thailand FTA have been completed and the formal signing will take place in the next two months. He said that there will be staggered (50-75 percent) reduction of duties on some 82 items over the next two years, and a complete removal of all tariffs by September 2006. The list includes apples, mangoes, durum wheat, grapes, crabs, amongst others. The FTA stipulates a value addition (rule of origin) of at least 40 percent in Thailand to become eligible for import duty concessions. (Source: Business Line, 7/31/04)

### **MORE FTAS WAITING IN THE WINGS**

The finalization of modalities for the implementation of the India-Thailand free trade agreement (FTA) sends out clear signals that the United Progressive Alliance (UPA) government is not averse to FTAs. Although Prime Minister Manmohan Singh had earlier stated that the existing FTAs negotiated by the previous government should be reviewed and analyzed, this cannot be interpreted as the new government's unwillingness to pursue these agreements. There are at least ten FTAs in the pipeline, which include agreements with Singapore, Mauritius, Mercosur, South Asia, China, Gulf Cooperative Council, Iran, and South Africa Custom Union. (Source: Financial Express, 08/03/04)

### **FARM GDP GROWTH MAY FALL**

Despite recent rains, India's agricultural GDP is expected to decline by 2.5 percent in FY 2004/05, according to Crisil's Center for Economic Research (a private organization). The decline in agricultural growth is likely to reduce the overall GDP growth rate to 5.6 percent from its earlier estimate of 6.2 percent. The impact of the poor monsoon is also being felt on the inflation front, with Crisil revising its annual inflation forecast to 5.6 to 6 percent. (Source: Hindustan Times, 08/05/04)

### **BANGLADESH: DHAKA WELCOMES WTO DEAL**

The government of Bangladesh welcomed the latest framework agreement of World Trade Organization that will allow the least developed countries (LDCs) to provide domestic support for agriculture. On Wednesday, the Ministry of Commerce announced that Bangladesh would benefit from special and differential treatment. Bangladesh will send its feedback to the WTO headquarters by September 22, officials said. (Source: The New Age, 08/05/04)

**BANGLADESH: TK 271 CR (USD 45 MILLION) SUBSIDY ON IMPORTED FERTILIZERS OKAYED**

The government approved a Tk 271-crore (USD 45 million) agricultural subsidy to provide three types of imported fertilizer to the flood affected farmers. The funds will be used to compensate the private traders to sell imported fertilizers at 25-percent reduced prices to farmers. The government will also continue to subsidize urea at the level of Tk 400 crore (USD 67 million). (Source: The Daily Star, 08/02/04)

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<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
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IN4083	Tree Nuts Voluntary	08/04/04

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