

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Voluntary - Public

**Date:** 5/14/2010

**GAIN Report Number:** IN1041

## India

**Post:** New Delhi

### Weekly Highlights and Hot Bites No. 19

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

\*Free Trade Agreement (FTA)? Nothing free about it\*, \*Bt brinjal is back on the regulator's plate\*, \*Sugar futures ban may be lifted soon\*, \*Protect farmers from cheap food imports\*, \*Foodgrain output seen lower; record wheat crop estimated\*, \*Organized retail grows, Mumbai leads the pack\*, \*Bharti Fieldfresh to buy HP apples\*.

## **General Information:**

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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## **FREE TRADE AGREEMENT (FTA)? NOTHING FREE ABOUT IT**

In recent months, organizations of farmers, fish-workers, groups working on patent issues and trade and development NGOs have been protesting against the proposed FTA agreement between the European Union and India. The last round of multilateral talks – the Doha round – was not able to achieve the desired consensus and multilateral trade negotiations have been held up for the past few years. Depending on the bargaining power of the countries involved, FTAs go much further in liberalizing and prying open domestic trade and services than multilateral agreements facilitated through multilateral forums. Therefore, developed countries and the major trading blocs, especially U.S., Japan, ASEAN and European Union, are signing FTAs with developing countries that will allow them to access markets for their goods and services while protecting their own domestic interests. In India, what compounds matters further is that the government does not need legislative approval for signing trade agreements. Much of the discussion, therefore, on FTAs is non-transparent and done behind closed doors, even though the content of the agreements may impact millions of people. The only thing that can be said with certainty about free trade and free markets is that they have never existed. That the Indian policy makers are willing to compromise the interests of the poor while chasing the elusive reality of free trade does not indicate well for the average Indian. (Source: Times of India, 05/14/2010)

## **BT BRINJAL IS BACK ON THE REGULATOR'S PLATE**

Three months after Environment Minister Jairam Ramesh indefinitely deferred Bt brinjal's launch until "independent tests prove it safe", the Genetic Engineering Approval Committee (GEAC), India's biotech regulator, took up the issue. The GEAC will bring in 5 or 6 independent scientists not linked to any government agency involved in scientific decision-making – to address those concerns and also decide if these safety issues are scientifically valid in the first place. (Source: Hindustan Times, 05/13/2010)

## **SUGAR FUTURES BAN MAY BE LIFTED SOON**

Government could take the decision to lift the ban on sugar futures after the Indian Meteorological Department's (IMD) second stage and detailed monsoon forecast for Kharif (summer sowing season) 2010 crops. "In the next 3-4 weeks, we will assess the final sugar production situation, monsoon and next year's sugarcane plantation scenario," food and farm Minister Sharad Pawar said after the inaugural function of 'Price Dissemination Project' in New Delhi recently. Lending credence to this is the fact the first indications of sugar production in the coming year are already out, and positive. Sugar futures were banned in May 2009 and the suspension is valid till September 2010. The ban on futures trading was imposed in the thick of a production shortage for two consecutive years. With the price of sugar plummeting, the government may consider imposing import duty on raw and white sugar to protect farmers' interest. Duty free import of sugar was allowed since February 2009 to augment domestic availability and check rising prices. (Source: Economic Times, 05/13/10)

## **PROTECT FARMERS FROM CHEAP FOOD IMPORTS**

Agriculture Minister Sharad Pawar on Tuesday said that the local farmers should be protected from cheap imports of wheat and sugar. India's sugar industry has been demanding an import tax on sugar saying foreign shipments would be cheaper than the locally produced sugar, making it difficult for millers to pay a good price to cane farmers. Indian traders have also imported small amounts of wheat in recent months as international prices were lower than local rates, which rise as government agencies, the biggest buyers, and pay attractive prices to farmers. To boost domestic supplies, India, the world's second biggest producer of sugar, abolished 60 percent import tax on the sweetener in 2009. Duty-free imports of wheat have been allowed since 2007. (Source: Financial Express, 05/12/10)

## **FOODGRAIN OUTPUT SEEN LOWER; RECORD WHEAT CROP ESTIMATED**

The Agriculture Ministry has projected a record wheat crop of 80.98 million tons (mt) this crop year ending June, as compared to 80.68 mt last year. According to the Ministry's third advance estimates, food grain production in this crop year will be lower at 218.19 mt against 234.47 mt, due mainly to the kharif crop being hit by a prolonged dry period. Cereals production has been estimated at 219.90 mt (203.42 mt). Barring wheat, soybean and cotton, production of almost all crops has been affected. With rabi production being better (14.53 mt verses 14.27 mt), rice output this year is seen at 89.31 mt against a record 99.18 mt last year. Coarse cereals are projected to drop to 23.20 mt. Pulses production improved by 200,000 tons to 14.7 mt. Oilseeds production has been projected lower by 2.3 mt at 25.40 mt. Soybean output is estimated at 10.54 mt. Cotton production has been projected at 25.4 million bales (of 170 kg) against 27.7

million bales this year. Sugarcane production is seen lower at 274.65 million tons against 285 million tons a year ago. (Source: Business Line, 05/13/10)

### **ORGANIZED RETAIL GROWS, MUMBAI LEADS THE PACK**

Organized retail space in Mumbai is expected to grow by around 130%, from 8.72 million sq ft to 20 million sq ft by 2012. A report by independent property consultant Knight Frank India forecast that during 2010-12, around 55 million sq ft retail space will be ready in Mumbai, NCR, Bangalore, Kolkata, Chennai, Hyderabad and Pune. Besides between 2010 and 2010, the organized retail real estate stock will grow from the existing 41 million sq ft to 95 million sq ft. In Mumbai huge opportunities are available in the micro markets of the island city (Nariman Point to Dadar) and the western suburbs (from Bandra and Bhayander). For Chennai approximately 7.49 million sq ft of organized retail space is expected to come up during the next three years. (Source: Financial Express, 05/12/2010)

### **BHARTI FIELDFRESH TO BUY HP APPLES**

Bharti Field Fresh purchased 2500 tons apples from Kashmir last year and is planning to procure over 5000 tons apple from Himachal Pradesh (HP) and Jammu & Kashmir (J&K). The company has invested \$ 3 Lakh to engage farmers for enhancing the apple yield in J&K and will be doing the same in HP next year. Farm Pick the retail brand of Adani Agri Fresh intends to procure 18,000 tons of apples this year out of which 1500 tons will be procured from J&K. Devbhumi Cold Chain is procuring 6000 tons apples from HP and 500 tons from Kashmir. The company is extending its existing 1000 tons controlled atmospheric (CA) store in Matina in Shimla district by 5000 tons. In past few years, apple procurers from Adani Agri Fresh, Devbhumi Cold Chain and Container Corporation of India have made their presence felt in the region by investing in the CA stores. (Source: Economic Times, 05/11/2010)

### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

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