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Report Highlights:

US not serious about cuts in farm subsidies, *India, China to explore FTA possibilities*, *India, Bangladesh, Sri Lanka, and Nepal for uniform food standards*, *Apple imports without proper quarantine checks*, *Plan to double grain output*, *SEA to take tip from China on curbing oil imports*, *Bt cotton seed units fleecing farmers in North*, *Biosafety will be key to transgenic crops, claims ICAR*.

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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US NOT SERIOUS ABOUT CUTS IN FARM SUBSIDIES

According to the Minister for Disinvestments and Communication, Mr. Arun Shourie, the United States is not taking the issue of bringing down agricultural subsidies seriously, and agricultural subsidies in India are likely to remain. Speaking on the sidelines of a plenary session of the American Chamber of Commerce in Delhi, Mr. Shourie said that the US continues to subsidize its cotton farmers, as a result of which four African countries are suffering. "They subsidize \$3 billion for a very small percentage of the population for what they call political compulsions, as if we don't have political compulsions or what?" he quipped. Reacting to the United States Ambassador, Mr. David Mulford, calling India one of the "most closed" economies in the world, he said "they [the US] are not serious though they know the matter" and added that "let him talk of their subsidies." He said the United States was apprised of India's concerns several times during the past year at Cancun and Tokyo round of trade negotiations. (Source: Business Line, 03/20/04)

INDIA, CHINA TO EXPLORE FTA POSSIBILITIES

Buoyed by a 54 percent growth to trade at \$7.6 billion, India and China have decided to work out a five-year program to enhance economic cooperation, including a possible free trade agreement (FTA). The Sino-Indian joint study group on trade and economic cooperation, which met in Beijing from March 22-23, discussed measures to increase trade, and the possibility of signing an FTA and other comprehensive economic cooperation agreements. (Source: Indian Express, 03/25/04)

INDIA, BANGLADESH, SRI LANKA, AND NEPAL FOR UNIFORM FOOD STANDARDS

India, Bangladesh, Sri Lanka, and Nepal have decided to have uniform food standards to simplify trade and control rampant adulteration of food products. Officials from the four countries met in Kathmandu recently to discuss ways to make the food in the region safer. "We have agreed to prioritize food standards for commodities like cereals and milk products, and harmonize the standards for edible oils, fruits, and vegetables by 2005," said Mr. Tika Karki, Director General of Department of Food Technology and Quality Control, Nepal. "We also stressed the need to accept the Codex (norms) as a base line for food standards," he said. (Source: Economic Times, 03/25/04)

APPLE IMPORTS WITHOUT PROPER QUARANTINE CHECKS

The inflow of fresh apples into India has raised concerns among the domestic industry, which have blamed the government for allowing imports of 'diseased apples' without proper quarantine checks. Apple imports shot up from rs. 210.8 million (\$4.4 million) in 2000/01 to rs. 551.2 million in 2001/02, but declined marginally to rs. 507.9 million in 2002/03. According to the Executive Director of the Center for International Trade in Agriculture and Agro-based Industries (CITA), Mr. Vijay Sardana, "sadly, the Indian government has not yet instituted any such quarantine checks at the point of entry to check imported apples. There are ample reasons to believe that many of these imported apples may contain exotic pests of

quarantine concern to India. Most of these countries, taking advantage of the situation in India, can find easy access to dump diseased apples to this country." Mr. Sardana listed as many as 381 pests occurring on apples in the world of which only 111 exist in India. According to him, there are 184 pests occurring on apples grown in the United States out of which 87 are of serious concern to India. (Source: Financial Express, 03/22/04).

Post Comment: Mr. Sardana has recently made similar allegations about imports of grapes into India.

PLAN TO DOUBLE GRAIN OUTPUT

The Indian government proposes to seek the opinion of states and experts on the "Action plan for doubling foodgrain production by 2012," prepared by the Center of Management in Agriculture (CMA). The government will also set up sub-groups to look into critical inputs like seeds, fertilizer, irrigation, credit, land, and pesticides. Agriculture Secretary Ms. Radha Singh said the macro plans would be drawn up on the basis of reports received from states and other sources. She said financial constraints would not be allowed to interfere with doubling grain output. (Source: Business Standard, 03/23/04)

SEA TO TAKE TIP FROM CHINA ON CURBING OIL IMPORTS

India's leading association of oilseed crushers, the Solvent Extractors' Association (SEA) is organizing a 15-member delegation to travel to China in April to understand its successful transition from importing oils to importing oilseeds. Indian solvent extractors have been demanding a reduction in the tariff on oilseed imports from the current level of 30 percent in order to increase the average capacity utilization from the present 35 percent. (Source: Economic Times 3/24/04, Business Line 3/22/04)

BT COTTON SEED UNITS FLEEING FARMERS IN NORTH

News reports indicate that the northern states, Punjab, Haryana, and Rajasthan are being taken for a ride by the companies selling Bt cotton seeds meant for sale in other regions of the country. Experts believe that the Bt cotton seeds being sold may be spurious, and may not yield appropriate results. The BT cotton varieties meant for the northern states have not yet been approved by the government. Furthermore, these seeds are being sold at high prices ranging from Rs. 1200 - 2500 per packet (450 grams), compared with the government-fixed maximum retail price of Rs. 1000 per packet. (Source: Tribune 3/22/04)

Post Comment: Official contacts recently revealed that the forthcoming Genetic Engineering Approval Committee meeting on March 31, 2004, would take up the case for approval of the Monsanto-Mahyco and Raasi Bt cotton varieties meant for the northern region.

BIOSAFETY WILL BE KEY TO TRANSGENIC CROPS, CLAIMS ICAR

Agriculture Minister Rajnath Singh recently confirmed that he was in favor of those transgenic crops that are compatible with nature. Dr. Mangla Rai, Director General of Indian Council of Agricultural Research, mentioned that from a scientific perspective, all domesticated crops and animals have been subjected to varying degrees of genetic modification using techniques such as hybridization, embryo rescue, protoplast fusion, etc. He said that these techniques, unlike transgenic technology, don't allow precise control at the genome level; rather, they allow multiple gene transfers, which require years of back crossing to remove unwanted effects. Despite this advantage, he cautioned that one cannot afford to ignore the importance of proper biosafety assessments. He also stressed the need

for public-private sector collaboration in developing transgenics. (Source: Financial Express 3/22/04)

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