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Report Highlights:

New food norms in the offing, *"Third World Club" must to get heard at WTO*, *Seafood industry urges the government to fight US anti-dumping duty*, *Inquest derails Metro claim on cash 'n' carry*, *Metro arm to ramp up food product outsourcing*, *Food retailing sector growth slow*, *Pepsi to bring Gatorade to India*.

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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NEW FOOD NORMS IN THE OFFING

The government is planning to tighten its hold over processed food manufacturers. The Ministry of Food Processing Industry in association with the Ministries of Health and Law are planning to set up a statutory body, "Food Standards Authority", which will integrate food laws and make them more stringent. The Authority will set new standards for contaminants including pesticide residues in food and food products, regulate the use of flavors, and assess risks involved in the use of food additives. It will also be responsible for accrediting and certifying food laboratories. According to a Ministry of Food Processing Industry official, the existing Prevention of Food Adulteration Act will be amended and integrated with the new laws. (Source: Times of India, 03/31/04)

"THIRD WORLD CLUB" MUST TO GET HEARD AT WTO

Developing countries should work together to be heard in the World Trade Organization (WTO) and strengthen regional trade cooperation to support themselves, according to Dr. M.S. Swaminathan, Chairman, M.S. Swaminathan Research Foundation, and a world renowned agricultural scientist and administrator. Addressing a seminar in Chennai on the WTO and its impact on Indian agriculture and agro-based industries, he said India should adopt a multi-pronged strategy to effectively negotiate with developed countries. Countries with more than 50 percent of the population dependent on agriculture should be able to restrict imports, he said. It would be a tough job for the developing countries to compete with developed countries, where agriculture is technology, capital, and subsidy intensive, according to Dr. Swaminathan. (Source: Business Line, 03/28/04)

SEAFOOD INDUSTRY URGES THE GOVERNMENT TO FIGHT US ANTI-DUMPING DUTY

Indian seafood industry is exerting pressure on the government of India take a firm stand against the US move to impose an anti-dumping duty on shrimp imports from India. They want the Prime Minister to make a statement in support of their stand. "A statement by the Prime Minister would have a definite impact on our campaign against the anti-dumping move in the US. We are making efforts through the Commerce Ministry to persuade him to take a public stand on this issue," according to industry sources. (Source: Business Line, 04/02/04)

INQUEST DERAILS METRO CLAIM ON CASH 'N' CARRY

An inquiry by the Karnataka government of Metro's cash & carry's operation (Metro is a large German retail chain) has found that the company was selling at retail in apparent violation of the conditions by which it was approved to operate in India. Metro was approved to sell only to business customers and not directly to individual consumers. Karnataka government's cross verification of customers' purchases from Metro revealed that in most cases the goods were bought for personal consumption. (Source: Economic Times 3/24/04)

Post comment: India bans foreign direct investment in retail trade. Karnataka government's recent finding could jeopardize Metro's operation in India.

METRO ARM TO RAMP UP FOOD PRODUCT OUTSOURCING

Metro Group Buying (MGB), a division of the Metro Cash & Carry, is looking at the possibility of widening its product sourcing by purchasing food products from India for its global operation. In 2003, the MGB had sourced goods worth 48 million Euros from India for its worldwide stores. Over the past five years, MGB has been focusing on non-food sectors in India. Beginning this year, the firm has started sourcing basic agricultural commodities such as rice, salt, pepper, and honey. The company is also expected to source fresh fruits and vegetables from India in the near future. (Source: Business Standard 3/26/04)

FOOD RETAILING SECTOR GROWTH SLOW

The General Manager of Food World, one of the leading food retail chains in India, said that the food retailing industry in India has failed to match growth expectations due to impediments like higher taxes, requirement to include the maximum retail price on labels, and the absence of corporate farming in the country. If present growth were any indication, it would be very difficult to achieve the McKinsey's projection that the Indian food retail industry will become a \$51 billion segment by 2007. Notwithstanding these constraints, the industry can look forward to better days because of the increasing number of young people and the growing number of nuclear families that have more disposable income. (Source: Economic Times 3/26/04)

PEPSI TO BRING GATORADE TO INDIA

Pepsico India is all set to launch its best selling global brand, Gatorade, in India. The Executive Director of Pepsi informed the press that they are striving to launch Gatorade this summer but failing that they will launch it by November 2004. Gatorade will be Pepsi's second major brand launch in India in two years. Last year the company launched its Mountain Dew beverage. (Source: Business Standard 3/27/04)

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