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WTO is under pressure to stay relevant

PK Vasudeva, Busines Line

22 May 2015: The WTO completed 20 years this April, but there is little to celebrate as industrialised countries increasingly turn their backs on WTO multilateralism.

The US launched the Trans-Pacific Partnership (TPP) in 2010 which has 12 states (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam) in the Asia-Pacific region participating in negotiations on comprehensive regional agreement in the fields of trade and investment.

Although the negotiating texts are still secret, it is known that the TPP goes further than the WTO in all areas. More specifically, tariffs on industrial goods are to be reduced to zero, and services, especially financial services and investments, are to be liberalised.

Investments, protected through controversial investor-state dispute settlement mechanisms, allow only the investor to take legal action, not the host country. It strengthens patent protection such that it would render access to generic drugs and seeds more difficult. The US is keen that India join the TPP but experts have warned India not to give in to US “pressure” as it will “damage” the access of medicines in developing nations, particularly its generic medicines industry. The accord covers nearly 40 per cent of global economic output and one-third of all world trade.

Laetitia Rispel, a public health expert from South Africa, says: “India really restricts the number of patents that are granted and that is important in providing medicines to other developing countries. Just making medicines and not granting patents would make the pharmaceutical industry richer and with TPP that would be harmed.”

In 2013, the US and the European Union opened a new front: negotiations on the Transatlantic Trade and Investment Partnership (TTIP). Because customs tariffs between the US and EU are already very low, the focus lies on harmonising various regulations.

Huge opposition

European NGOs are vehemently opposed to the TTIP for fear that it will undermine social and environmental standards and consumer protection, all of which are much more effectively developed in the EU.

The most controversial part of the agreement relates to investment protection. The aim of the US is for investment disputes to be settled by largely non-transparent arbitration bodies. Given the

opposition from civil society and individual countries, the EU has launched an online consultation and suspended negotiations on this until the 100,000 responses received have been evaluated.

Alongside these regional mega-agreements, work is also proceeding on plurilaterally thematic agreements. The leadership in these cases rests mostly with the industrialised countries. In 2012, some 50 countries, including the US, EU and Switzerland , launched negotiations on a comprehensive services agreement, the Trade in Services Agreement (TISA). TISA could deregulate whole swathes of the economy and open them up to privatisation.

New directions

All these agreements aim for the broadest possible privatisation, deregulation and liberalisation of the world economy. They may set new standards that will be applied to all countries — including those not even involved in the negotiations. These mega-agreements constitute a thinly veiled attack on China, India and South Africa, all countries that, in the WTO framework, oppose the liberalisation of trade in industrial goods, services, government procurement and investments, and are stubbornly insisting on more just global rules in agriculture.

In short, trade flows are to be channelled in a new direction, to the disadvantage of the emerging countries in the South. Mexico's textile industry, which is bound by FTAs with both blocs, could be squashed between the European and the US industries if the TTIP is adopted. With the TTIP, the US would step up its citrus fruit exports to the EU, which currently imports from Egypt, Morocco and South Africa. Reduced exports from least developed countries would mean a 3 per cent contraction of their GDP.

Major emerging countries are not taking part in these negotiations — at least for now. Should there be a breakthrough with TISA, industrialised countries could finally lose all interest in the WTO Doha Round. The emerging and developing countries would be robbed of their most powerful lever for negotiating better conditions in the agriculture sector.

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US rejects demand for SSM to protect poor farmers

D. Ravi Kanth, Live Mint

Geneva, May 30 2015**:** The US on Thursday rejected a demand for a special safeguard mechanism (SSM) that aims to protect resource-poor farmers in developing countries from unforeseen surges of agricultural imports, a move that could derail the conclusion of the Doha Development Agenda (DDA) negotiations by the end of this year.

Indonesia, India, China, the Philippines and Turkey, Barbados on behalf of the ACP (Africa, Caribbean, and Pacific) coalition, and Lesotho, coordinating the African group of countries, maintained that the SSM is crucial for concluding the DDA negotiations.

World Trade Organization (WTO) director general Roberto Azevedo convened a meeting of select trade envoys to discuss the SSM and whether there is a common ground on creating such a mechanism in the final Doha agriculture package.

But the US stated that the demand for SSM will not fly because of the attempts to lower the level of ambition in the market access for agricultural products, said people familiar with discussions at the meeting who spoke on condition of anonymity.

The US also suggested that SSM can only be discussed as part of market access negotiations, implying that there is no need for SSM when the level of market access in the Doha negotiations is being recalibrated.

Except one country, all other members are ready to negotiate SSM, said Indian envoy Anjali Prasad, according to people familiar with the development.

As attempts to draw up the post-Bali work programme by end-July are gathering pace, the hardline US stance raised fresh doubts whether the DDA negotiations can be concluded with the developmental outcomes as promised in the mandate.

Since the launch of the DDA negotiations in 2001, a large majority of developing countries in Asia, Africa, and the Americas consistently demanded SSM on grounds that it is vital for resource-poor farmers to counter the unforeseen surges in imports of agriculture products.

In the failed 2008 ministerial meeting, India's then commerce minister Kamal Nath maintained that without a credible SSM, India will never sacrifice the interests of its poor farmers.

On behalf of the 47-member G-33 coalition, Indonesia led the charge for a "simple, operable, and effective safeguard mechanism" to ensure that farmers in developing countries are not undermined by volatile supplies from countries that provide billions of dollars of trade-distorting domestic subsidies.

SSM, the G-33 argued, is meant "to respond to import surges and price declines that threatens small, subsistence farmers who overwhelmingly reside in the rural areas, and food security." SSM calls for imposing special safeguard measures when imports cross agreed benchmarks either in volume or in prices.

During the meeting, Indonesia's trade envoy Iman Pambagyo made a strong case for SSM on several grounds. The Indonesian envoy said it is wrong to link SSM with market access, saying that regardless of the level of ambition, farmers in developing countries need a mechanism to face harmful surges of imports of agricultural products.

Pambagyo said the mechanism will only be triggered based on most current market realities involving sudden drop in prices or a precipitous increase in volumes of imports over a period of three-year rolling average.

The G-33 has proposed a volume trigger of 110%, 115%, 135%, and above for imposing special safeguard duties. It has argued that "the 3-decade-old fixed reference price of 1986-88 is undoubtedly outdated and flawed economic basis for triggering the price mechanism in today's realities".

The Indonesian envoy suggested that SSM will only be applied for a limited range of products with sunset provisions that would terminate the measure after a specified time period.

India's trade envoy Prasad suggested that SSM is a critical developmental benchmark for developing countries in the Doha Round.

While the US strongly opposed SSM, it is currently availing what is called the special safeguard (SSG), which was specifically carved out by the industrialized countries in the previous Uruguay Round of negotiations.

The US applied SSG duties, since 2010, on 29 tariff lines while the European Union applied on 15 tariff lines and Japan on 16 tariff lines.

Norway, which is a strong user of SSG, has suggested that developing countries opt for a modified-SSG instead of SSM, according to farm trade negotiators.

The G-33 coalition said SSG is "hardly accessible and ineffective in addressing import surges or price depressions due to its complicated and outdated design and assumptions". SSM "was and is always intended to be a more simple, accessible and effective instrument than the SSG", according to Indonesia.

Except the US, other industrialized nations such as Australia and New Zealand, and the European Union expressed concern about the need for SSM, but suggested they are willing to discuss options from the G-33 group.

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Discuss local subsidies before import tariffs, India tells WTO

D. Ravi Kant, Live Mint

Geneva, May 18 2015 **:** India has conveyed to the World Trade Organization (WTO) director general that commitments to reduce trade-distorting farm subsidies must be discussed before pursuing new ideas for reducing import tariffs on agriculture and industrial products for concluding the Doha Development Agenda (DDA) trade negotiations by year-end.

Over the last 10 days, WTO director general Roberto Azevêdo has convened closed-door meetings with trade envoys from seven major industrialized and developing countries to discuss new ideas for market-access reduction commitments in agriculture and industrial goods to replace the 2008 revised draft modalities.

Trade envoys from the US, the European Union (EU), China, India, Brazil, Australia and Japan took part in the meetings held between 6 and 12 May.

Also present at the meetings were the WTO General Council chair Fernando de Mateo of Mexico and the heads of the negotiating groups for agriculture and industrial goods ambassadors John Adank and Remigi Winzap, respectively.

The meetings were aimed at drawing up the precise modalities based on a "recalibration" approach in the post-Bali programme for concluding the DDA negotiations by the end of this year at the upcoming 10th ministerial conference in Nairobi, Kenya.

A majority of developing and poorest countries, including India and China, repeatedly demanded that all the existing Doha negotiating mandates, such as the 2001 Doha ministerial declaration, the 2004 July framework agreement, the 2005 Hong Kong ministerial declaration, and the 2008 revised draft modalities in agriculture and industrial goods, must remain as the basis for concluding the stalled Doha trade negotiations.

But the US opposed the 2008 draft modalities on the grounds that they fail to address the changed realities in which major emerging economies such as China and India are being exempted from appropriate reduction commitments in agriculture subsidies and tariffs for farm and industrial products.

In the face of the continued standoff between the developing countries on one side and the industrialized countries led by the US on the other, director general Azevêdo has suggested a variation of average tariff cuts for agriculture and industrial goods with substantially truncated flexibilities, said people familiar with the discussions.

"An average low tariff cut will help industrialized countries to shelter their sensitive tariff products, while it might adversely affect a developing country like India to bring down its bound tariff for several products below the current applied rate," said a trade analyst from an industrialized country.

Although Azevêdo did not specify any figures for an average cut for agriculture products or a cut on average for industrial products, the seven participants discussed several aspects such as the impact of average cuts on their respective bound and applied tariffs at this juncture.

Besides, the seven countries discussed whether such a framework would have a measurable impact for cutting down high agriculture tariffs in many industrialized countries as well as tariff escalation, which discourages the development of processing activity in the countries where raw materials originate.

More importantly, they discussed how the figures for average cuts for agricultural products deviated from the so-called tier formula of the 2008 revised draft modalities in which higher tariffs would bear higher cuts as compared to lower tariffs.

Clearly, the average cuts with reduced flexibilities are not beneficial for India and other developing countries, said a trade envoy, requesting anonymity.

As regards tariff reduction commitments for industrial goods, the 2008 revised draft modalities suggested the "Swiss formula" with accompanying flexibilities. The Swiss formula results in deeper cuts on higher tariffs based on coefficients (a higher coefficient means lower reduction in tariffs).

The trade envoys from the industrialized countries—the US, the EU, Australia and Japan—suggested that they are open to considering the so-called average cut framework with extremely reduced or no flexibilities in both agriculture and industrial goods.

The US has made it known that with the proposed "recalibration" to reduce the overall level of ambition in market access for agriculture and industrial goods, there should be no demands for any additional flexibilities.

China and India made it clear that they continue to adhere to the 2008 revised draft modalities to conclude the Doha trade negotiations. The two countries said that while they are willing to discuss new ideas, including the average reduction commitments, their governments will judge the outcomes in relation to the 2008 modalities.

More importantly, China and India maintained that they will not accept any framework that would undermine the flexibilities for special products and the special safeguard mechanism in agriculture and specific flexibilities in industrial goods as proposed in the 2008 modalities, the envoy said.

Azevêdo, however, did not discuss what ought to be the reduction commitments in the trade-distorting domestic subsidies, export subsidies and export credits that are provided by industrialized countries.

WTO's highest court, the Appellate Body, had established that the domestic subsidies and export-financing schemes for cotton producers in the US had adversely affected the global cotton trade in a dispute launched by Brazil. Also, in another dispute against sugar subsidies, the Appellate Body had passed strictures against the EU.

But, for some inexplicable reason, the trade-distorting domestic subsidies and export subsidies and export credits for farm products were not covered during the meetings, said an African trade envoy familiar with the meetings.

Further, China, India, and Brazil asked the director general to decide the level of ambition for reducing commitments in subsidies in domestic support and export subsidies before the market access consultations to discuss the combination of average and cut on average formula.

A major industrialized country has maintained that there is nothing to discuss in the domestic support pillar, while another major industrialized country is reluctant to discuss the export competition pillar at this point.

The director general's consultations failed to bring any convergence between the industrialized countries on the one side and developing countries on the other due to sharp differences over several issues concerning market access, particularly over the flexibilities that are accorded to developing countries on special products and the special safeguard mechanism in the 2008 revised draft modalities.

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Free trade gets Apec boost & vow

Business Standard

Manila, May 25, 2015: Trade ministers from 21 Asia-Pacific countries on Sunday issued strong support to the World Trade Organization's efforts to boost global trade amid a flurry of regional free trade agreements.

The ministers from the Asia-Pacific Economic Cooperation (Apec) grouping of nations vowed at the

end of their two-day meeting on the central Philippine resort island of Boracay to ratify by December a landmark trade facilitation deal and to contribute to a work program to conclude the much-delayed Doha round of trade negotiations. They reaffirmed in a separate document from their annual joint statement "the centrality and primacy of the multilateral trading system under the auspices of the WTO" in promoting trade and economic growth.

They promised to exercise restraint in implementing measures consistent with WTO provisions but which have a significant protectionist effect, "and to promptly rectify such measures, where they are implemented". The ministers' joint statement also welcomed progress on a collective study on opportunities and challenges.

They instructed officials to report updates on it by November and to have a final report by next year's ministerial meeting.

APEC leaders agreed in Beijing in November to accelerate efforts to create the FTAAP "as early as possible" and endorsed a road map to its creation.

The FTAAP goal is being pursued as talks for the Trans-Pacific Partnership free trade initiative of 12 countries including the US, Japan and Australia, but excluding China have been delayed by legislative debate in the US over President Barack Obama's controversial "fast-track" trade Bill to complete the TPP deal.

The Bill was finally passed the by US Senate on Friday, but it is expected to face a tougher time in the House, which resumes sessions on June 1.

US Trade Representative Michael Froman told a news conference in Boracay that ministers from TPP member countries took the opportunity to meet over breakfast Sunday to review the status of the negotiations and talk about the work programme going forward.

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‘Subsidies should be withdrawn gradually’

The Hindu

Kochi, May 30, 2015: As we increase our share of export, we are more and more integrated into the global balance sheet. And the support from government in terms of subsidies has to be gradually withdrawn as per the WTO norms. It has to be brought to the minimum over the next five years, said D.K. Singh, Additional Director General in the Directorate General of Foreign Trade.

He was talking at a ‘Workshop on Foreign Trade Policy 2015-2020’ organised by the DGFT and the Federation of Indian Chamber of Commerce and Industry (FICCI).

Textile sector

Mr. Singh said sectors like textiles where the business had crossed the threshold of 3.25 per cent of the global trade would see drastic cut in incentives.

With a view to providing flexibility, simplicity and fostering ease of doing business, most existing schemes had been consolidated into a single scheme in the new trade policy.

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Regional pact: Trade ministers of 16 Asian countries to meet in July

Business Line

New Delhi, May 31, 2015: Trade Ministers of 16 countries, including India, may meet in July in Kuala Lumpur to iron out issues related to the mega trade deal —Regional Comprehensive Economic Partnership agreement.

The 16-member Regional Comprehensive Economic Partnership (RCEP) comprises 10 ASEAN members and their six free trade agreement (FTA) partners namely India, China, Japan, Korea, Australia and New Zealand.

The 16 economies account for over a quarter of the world economy. RCEP negotiations were launched in Phnom Penh in November 2012.

The countries would deliberate on issues pertaining to goods, services and investments, an official said.

The meeting assumes significance as the pact is targeted to be concluded this year.

The meeting would be held at the ministerial level, the official added.

The mega trade deal aims to cover goods and services, investments, economic and technical cooperation, competition and intellectual property.

India is seeking a parallel movement of negotiations on goods and services. It is pressing for services agreement as the sector contributes over 50 per cent in the country's economic growth. Indian IT companies have strong presence across the globe.

India had asked the members to focus on value addition in services, besides working towards to improving investment climate to spur trade and boost growth in the region.

Besides this, India is also focusing on concluding the negotiations for the free trade agreements with Canada and Australia.

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Weak exports to hit growth by 0.40 percentage point in 2015

Financial Chronicle

New Delhi, May 26 2015: A slowdown in exports is likely to bring down India's growth rate by 0.40 percentage point in 2015, a report by global brokerage firm HSBC has said.

The outlook for exports in 2015 is not very encouraging as global growth remains lethargic and pace of removing domestic bottlenecks remains gradual, the report said.

"The 'true' impact of weaker export growth means that GDP growth will likely be 40 bp (0.40 percentage point) lower in 2015, though this could reverse in 2016 if exports pick up," HSBC India Chief Economist Pranjul Bhandari said in a research note today.

"2015 may not be a great year for Indian exporters. World growth continues to remain sluggish and domestic bottlenecks (stalled projects from last year) are still lingering. However, if we chip away at resolving domestic bottlenecks, this could change," HSBC said.

Auctioning coal mines to the private sector to restart electricity projects, pressing ahead with necessary land acquisition for road building or easing bureaucratic hurdles in the attainment of licences will help Indian exporters gain competitiveness.

"The 'true' impact of slowing exports growth in 2015 would be 40 bps shaved off from GDP growth. On the other hand, as exports recover in 2016, the 'true' impact of exports could add 70 bps to GDP growth," Bhandari said.

According to HSBC, export growth will soften not only in value but also in volume terms through 2015.

Meanwhile, the brokerage has revised higher its oil price assumption to $68 per barrel in end-2015 from $62 per barrel earlier.

Accordingly CAD is likely to widen marginally to 1.5 per cent of GDP in financial year 2015-16, HSBC said.

As per the official data, India's exports contracted by about 14 per cent in April to $22 billion due to a sharp dip in petroleum, gems and jewellery shipments, registering decline for the fifth straight month.

The slump in exports was mainly due to global slowdown and softening of crude, metal and commodity prices. Meanwhile, imports too declined by 7.48 per cent to $33 billion, leaving a trade deficit of $11 billion in April.

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Exports to China to grow at 14% a year in 2020-30: HSBC

Business Line

New Delhi, May 28, 2015: Exports to China are expected to grow by around 14 per cent a year in the decade to 2030, potentially outpacing outbound shipment growth to any other country, said an HSBC trade forecast report.

Not just that, the report added, exports will head for newer markets, including Brazil, where the shipments from India are expected to grow by 10 per cent a year in the said period.

“The near-term outlook for India is upbeat,” the HSBC report said, adding that “having low relative unit labour costs compared with other countries (both emerging markets and advanced economies), India will be competitive in the international market”.

Being a net oil importer, India has benefited from the fall in global oil prices, and the positive impact of this is likely to continue in coming years as well, the report predicted.

“The economic potential for India remains strong, with the growing population and a rapidly expanding middle class — it presents opportunities for business,” HSBC India Managing Director and Head, Commercial Banking, Sandeep Uppal said.

According to HSBC, India’s current account deficit is expected to narrow from 1.1 per cent of GDP in 2014 to 0.6 per cent in 2015 while retail inflation is likely to remain below 6 per cent throughout this year.

RBI has begun the monetary loosening cycle, lowering interest rates by a cumulative 50 basis points since January. “These positive developments will support the economy and GDP growth is expected to accelerate from 7.4 per cent in 2014 to 7.8 per cent in 2015 and 8.3 per cent in 2016,” HSBC said.

The report, however, noted that progress on reforms has been relatively slow.

The World Bank's 'Doing Business' report ranks India 126 out of 189 economies on the ease of trading across borders, and even lower at 142 on the overall ease of doing business.

According to the report, in the decade to 2030, more advanced sectors such as transport equipment are expected to emerge as the top contributors to exports. Other important ones that are likely to gain importance include industrial machinery and pharmaceuticals.

"With the government's thrust on manufacturing in India, export of value-added goods like transport equipment, industrial machinery and pharmaceuticals is expected to grow," Uppal added.

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Rice exports to remain healthy in 2015-16

Tomojit Basu & Vishwanath Kulkarni

New Delhi, Bengaluru/ May 27, 2015:Indian shipments of non-basmati rice in the current financial year are likely to remain at last year's levels, mainly due to its competitive pricing and superior quality against major exporters such as Thailand and Vietnam.

However, lack of clear signals from Nigeria, one of the large buyers of Indian par-boiled rice could dent the prospects, exporters said.

Thai prices up

According to data provided by the All India Rice Exporters Association (AIREA), the country exported 11.65 million tonnes (mt) of rice in 2014-15 of which non-basmati varieties accounted for 7.87 mt.

Thailand exported around 11 mt over the same period but has a $10/tonne premium over Indian varieties in the 25 per cent broken rice and par-boiled rice segments, and were $40 more expensive in 100 per cent broken rice segment according to quotations earlier this week.

"Increased prices in Thailand have an impact on non-basmati rice. We touched 7.8 mt last year and should be at the same level in 2015-16 as well," said a senior Government official.

Experts stated that overseas sales could increase, particularly with decreasing domestic prices and a depreciating rupee making exports cheaper in dollar terms against a strong Thai baht.

Nigerian market

Further, with China importing the bulk of Thai rice, India's traditional non-basmati markets in Africa are likely to benefit domestic exporters. Nigeria, Senegal, South Africa, Liberia and Benin, are African nations that purchased the largest share of Indian non-basmati rice.

"Despite a new government in place, Nigeria is yet to spell out its policy on rice purchases. If Nigeria resumes imports from India, our exports will reach 7 mt, or else they will be lower at around 5.5 mt," said BV Krishna Rao, Managing Director of Pattabhi Agro Foods Ltd, a large exporter.

Indian rice shipments to the violence-hit Nigeria had slowed down since December last year amidst fall in crude price and a weak currency.

"The rice inventory in Nigeria is low and shipments could pick up if there is clarity on the policy," Rao added. India accounts for close to half of the 2.5 m t of parboiled rice that Nigeria imports.

"With the problems in Thailand – which competes with Indian non-basmati varieties in Africa – exporters here should do better in the upcoming year. Around 9-9.5 mt will likely be exported," said Tejinder Narang, a grains trade analyst.

"Thailand also serves the Chinese market where demand pushes their prices up. As a result, the focus towards Africa gets deleted," he added, stating that China granting access to Indian exports of non-basmati was politically reliant.

Sluggish activities

The industry expects rice output to be 2-3 mt more in 2015-16 than the 102.54 mt registered last year according to Government data. Non-basmati varieties are likely to make up 95 mt of the output.

Meanwhile, the shipments have turned sluggish as the prevailing heat wave in Andhra Pradesh over the past few days has hampered the loading operations at Kakinada, the major port for non-basmati rice exports.

"Loading operation is being carried out only in the night at the anchorage port due to the prevailing heat wave," Rao said adding that the disruption was temporary.

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Onion exports jump 25% in two months

Dilip Kumar Jha, Business Line

Mumbai, May 26, 2015: Onion exports have gone up 25 per cent over the past two months, after a four-month slump, because of less competition in destinations such as Sri Lanka and West Asia.

Between December 2014 and March 2015, Indian onion exporters were facing tough competition from Pakistan, both in quality and prices. Onions from Pakistan were sold in West Asia at $100 lower than the price offered by Indian exporters. Their quality was also superior to the India counterpart, adversely affected by unseasonal rainfall in December, February and March.

Rising exports have also helped spurt modal prices in the benchmark Lasalgaon market at Rs 1,175 a quintal on Tuesday as against Rs 1,000 a quintal on May 2. Also, arrivals have risen to 13,000 tonne from 10,000 tonnes in the same period under consideration. For exports also, prices have surged by $25-50 to $375 so far this month.

"But, Pakistan has run out of stock. So, overseas importers do not have any option but to accept onion from India. Despite being quality inferior than global standard of the fair average quality (FAQ), the consignments are accepted," said Ajit Shah, President, Horticulture Exporters Association.

Data compiled by the National Horticulture Research and Development Foundation (NHRDF) showed, India's onion exports at 265,066 tonnes between April – May last year. Exports have been up by 20-25 per cent this year, said Shah.

In the preceding four months, however, onion exports from India remained lackluster due to high domestic prices. Onion was selling at around Rs 25 a kg in domestic market due to reports of crop damage on unseasonal rainfalls and hailstorms. In exports terms, therefore, India was uncompetitive.

Consequently, India's overall exports between April 2014 and February 2015 reported a decline of 30 per cent as Indian market was capture largely by Pakistan. Data compiled by NHRDF, onion exports in the first 11-month of 2014-15 plunged to 0.97 million tonnes as against 1.26 million tonnes in the same period last year. Considering 0.11 million tonnes of export quantity of March 2014 to remain unchanged in March 2015, India's overall onion export may hit seven-year low at 1.08 million tonnes in the financial year 2014-15.

Now, onion exports from India have rebounded as, according to trade sources, Indian exporters are offering the commodity at $60-70 a cheaper than any other originating countries including China and Iran. Consequently, India gets advantage over competition despite poor quality of product.

Due to political unrest, consignments from Yeman were also not coming into the Middle East markets.

But now, market is slowly coming in track. Export from Yemen has started, of course, in negligible quantity. Exporters from China and Iran have also gradually initiated testing market pulse in Dubai and Doha.

“Now, stockists have started sorting out good quality from rain soaked onion for future sale. While good quality onion gets exported, the rain soaked one is brought into the market resulting into a sudden spurt in arrivals into mandis. Quality of Indian onion is inferior and therefore, such onion cannot be dispatched for long distance for fear of rotting. Consequently, onion exports from India were low until the last few months,” said R P Gupta, Director, NHRDF.

Meanwhile, onion availability may become scarce in lean season of August – September ahead of ensuing kharif crop harvest. Various estimates suggest between 25-30 per cent of crop damage due to unseasonal rainfalls in February – March.

Gupta, however, believes that much would depend upon the ensuing monsoon rainfalls which would give a fair indication of sowing, crop development and harvesting.

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India's coffee exports might drop 5.6% this year: USDA

Business Standard

New Delhi, May 26, 2015: India's coffee exports are likely to decline 5.6 per cent to 4.7 million bags, in the ongoing marketing year ending in September, due to weak demand from major European buyers, a US Department of Agriculture (USDA) report said.

The country had shipped 4.98 million bags of coffee during the 2013-14 marketing year (October-September). One bag contains 60 kg of coffee.

According to the USDA report, India's Robusta coffee variety has a good reputation among international buyers. European countries continue to be the major buyers of Indian coffee.

Italy, Germany, and Russia are the top export destinations for Indian coffee. India exports an estimated 90 per cent of its production.

India's actual exports are virtually equivalent to production, but include one million bags of coffee that are imported duty free for processing and re-export under a special re-export programme, said the report.

On prices, the USDA report said average Arabica coffee variety prices at the International Coffee Organisation (ICO) indicator have fallen 15 per cent between January and March while Robusta prices have remained firm.

Domestic prices are largely driven by international prices and trade sources indicate that global supplies of Robusta are keeping prices at lower levels.

"Robusta prices are expected now to remain firm until the onset of the next harvest as strong foreign demand pressures Indian supplies," the report said.

According to the Coffee Board data, the major shipment ports for coffee in India are Mangaluru (Karnataka) and Cochin (Kerala) ports followed by Chennai (Tamil Nadu) in Southern India.

India's overall coffee production is estimated to be slightly higher at 5.1 million bags in 2014-15 marketing year, as against 5.07 million bags in the last year.

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Sugar industry needs more than export subsidy for turnaround

Pallavi Munankar, Business Line

May 26, 2015: The sugar industry is today in crisis with cane dues owed by mills to farmers crossing Rs. 21,000 crore, with depressed prices and declining exports.

Surplus supply in the market along with lower overseas prices led to a sharp fall in domestic sugar prices; and margins of sugar companies are under strain due to weak realisation on sugar sales, making it harder for the sugar mills to make payments.

Raw sugar sops

In order to provide a helping hand for the sugar industry, the government, in February 2015, passed the long-awaited proposal of export subsidy on raw sugar for the current production season.

According to the Cabinet Committee on Economic Affairs (CCEA), sugar mills may export 14 lakh tonnes of raw sugar and receive a benefit of a subsidy of Rs. 4,000 per tonne for this season 2014-15 i.e. October 1, 2014 to September 30, 2015. The government also raised import duty on sugar to 40 per cent from 25 per cent and proposed to build a buffer stock to take out some sugar from the available surplus.

Depressed prices

These steps were taken mainly to help mills to clear the mountain of dues to sugarcane growers.

Despite the subsidy announcement by government to encourage raw sugar exports, mills had to struggle to increase shipments as global prices remain weak with cheaper surplus supplies from world's largest producer Brazil.

Depressed global sugar prices make exports of sugar unviable. So far, mills have exported only 4.6 lakh tonnes of sugar till the first week of May 2015.

Another 2-3 lakh tonnes of sugar may get exported in the rest of the season.

Recently, India's largest sugar producing state Maharashtra has also announced subsidy of Rs. 1,000/tonne for raw sugar exports produced in the 2014/15 marketing year with an intension to cut down the stocks.

Subsidy will be applicable for exports of 800,000 tonnes raw sugar.

Rising production

ISMA data says that India's sugar production up to May 15 stood at an eight-year high of 27.848 million tonnes. Thus, there is an increase of 16 per cent during the current season as compared to 24.003 million tonnes produced in the same period last year.

It is estimated that India will produce around 28 million tonnes of sugar in the current season against the demand of 24.5 million tonnes.

According to ISMA, sugar stocks at the end of season (in September) will touch 10.30 million tonnes, the highest in the last six sugar seasons.

However, all these actions taken by government failed to support the sweetener's prices, because of surplus production, dull exports and weak overseas prices.

In order to help the industry, the government should buy sufficient sugar from the market to build up the buffer stock and also go for some active measures to help the industry. Moreover, the government should act quickly.

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Canada to test India feed corn imports due to mould concerns

Business Line

May 27, 2015: The Canadian Food Inspection Agency (CFIA) said on Tuesday it has started to detain corn imports from India to allow for testing of aflatoxins.

The move is intended to prevent contamination of livestock feed after high levels of aflatoxin were detected in organic feed corn from India, the CFIA said.

Aflatoxins are chemicals produced by certain mould fungi that can kill livestock and are considered carcinogenic for animals and humans, according to Iowa State University.

India was the sixth-largest corn exporter in the world in 2013-14, according to the US Department of Agriculture.

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Switzerland lifts ban on mango imports from India

Dilip Kumar Jha, Business Line

May 20, 2015: Switzerland has lifted its ban of last year on import of mango from India.

This is not a large market for our mangoes but the move could ease shipment to other countries in Europe. India exports to some major European countries, such as Britain.

According to trade sources, the Swiss ban was in retaliation for last year's suspension by India in import of chocolates and other confectionery products.

The Swiss embassy has said exporters must ensure the fruit is free from harmful organisms.

Mauritius had in March lifted a ban on import of Indian mangoes. In the same month, the European Union had made a similar announcement, with some riders. India assured the EU and the other importing nations that mango exports would be done only through entities registered with the Agricultural and Processed Food Products Export Development Authority (Apeda).

The agriculture ministry's plant protection directorate and Apeda have been in dialogue on the measures to be adopted for ensuring pest-free fruit from India.

"We have advised our members to adhere to global standard norms, including vapour heat treatment or hot water treatment and other global grading norms, for smooth exports of mango to Switzerland," said Tarun Bajaj, general manager, Apeda.

The flip side in the opening of new markets for export is less supply for the home market. This has already been hit due to crop damage in unseasonal rain. The Dussehri variety is currently available at Rs 90 a kg, as against Rs 50-55 a kg around the same time last year.

Insaram Ali, president, All India Mango Growers' Association, estimated a 40 per cent decline in mango production this year. However, the National Horticulture Board's first advance estimate puts output at 25.67 million tonnes in 2014-15 as compared to 25.15 mt the previous year. Mango export from India declined 25 per cent in volume terms at 41,280 tonnes in 2013-14, as compared to 55,585 tonnes the previous year, though it was marginally higher in value terms, at $50.6 million versus $48.5 mn in 2012-13.

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Explained: Why we need to sharply raise MSP for pulses

The Indian Express

May 29, 2015: Pulses are once again on the boil, with consumers paying around 50 per cent more for tur (pigeon pea) and urad (black gram) dal than they did a year ago. Even chana (chick pea), which had turned cheaper in the past three years, has seen a 40 per cent jump — much of it in just the last three months.

Finance Minister Arun Jaitley has blamed the price spike on supply disruptions, which "is an issue with pulses these days". He is partially right. The chana crop, badly affected by unseasonal rain and hailstorms in March, is over a fifth lower compared to last year. Overall pulses production is officially estimated to have fallen from 19.25 million tonnes (mt) to 17.38 mt in 2014-05.

But this assessment ignores a more fundamental problem with pulses that ought to be addressed. There is, indeed, no better time to do it than now.

India is today the world's biggest producer as well as consumer of pulses. It also imports some 4 mt annually — mainly yellow/green peas (matar) from Canada and Russia, chana from Australia, lentils (masoor) from Canada, urad and moong (green gram) from Myanmar, and tur from Myanmar, Tanzania, Mozambique and Malawi.

But unlike edible oils, wheat, corn or sugar, there aren't really too many global suppliers of pulses. As a result, international prices tend to shoot up the moment there are supply concerns in India. We have seen it this time, with imported Australian chana and Burmese 'lemon' tur currently quoting 56-66 per cent higher than a year ago even in the midst of a general global crash in agri-commodity prices.

Given the limits to world supplies, this means there is simply no alternative to increasing domestic production to meet India's pulses requirements that will only grow in the years ahead. This is an opportune time to announce a sharp increase in minimum support prices (MSP). It should be done immediately, ahead of the monsoon's onset, and well before kharif plantings begin, so as to send the right signals to growers.

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