INDIA'S TRADE NEWS AND VIEWS

August 11 to August 25, 2011

July exports rise 81% y/y: Rahul Khullar

Reuters

Aug 11, 2011,NEW DELHI: India's exports surged nearly 82 percent in July as demand soared for engineering goods, petroleum products and readymade garments, but a top official warned bleak global economic outlook may prevent the sector from achieving its annual growth target.
India's exports grew a record 37.6 percent to $246 billion in the 2010/11 fiscal year as Asia's third-largest economy pulled away from the 2008 global financial crisis-led slowdown and set its sights on developing new export markets in the emerging world.

The sector has shown strong growth in this fiscal year as well, with exports racking up high double-digit growth in consecutive months and notching $29.3 billion in July alone, in line with the Asian giant's rising global economic ambitions.

Buoyed by the robust growth momentum, India was chasing an annual 25 percent exports growth target in this fiscal year. However, Trade Secretary Rahul Khullar said on Thursday achieving $300 billion exports in the 2011/12 fiscal year, which ends next March, would be tough.
"Exports have done well, but there is no need for complacency," Khullar told reporters. "You are not going to get good news forever and ever."

Exporters have become jittery following Standard and Poor's rating downgrade of the United States, which has roiled global markets and renewed fears of another global economic slowdown. Debt worries in the European Union, India's largest trade partner, have also weighed.
Indian exports were badly hit in 2008, after the global financial downturn crimped demand for Indian goods in premier overseas markets like the U.S. and Europe.

Khullar, however, said the government this time is better prepared to handle the slowdown.
"We recognise it is going to hurt us...we know what the warning signs are."
On Monday, Khullar had said India "would be lucky" to achieve 20 percent annual exports growth in 2011/12, and warned exports growth is expected to slow down from August-September.

While exports continued their robust performance in July, imports jumped up 52 percent from last year to $40.4 billion on higher oil import bill, widening the country's trade deficit.
India's oil import bill for the month stood at $11.45 billion, accounting for 28 percent of its total imports.

However, imports of machinery and electronic items slowed down during the month, pointing to a slowing industrial activity in Asia's third-largest economy.

The trade deficit widened to $11.1 billion from $7.7 billion in June.

India may allow EU's Pakistan package

NAYANIMA BASU Business Standard

22 August 2011, New Delhi: India is likely to finally withdraw its opposition on the controversial trade-aid package proposed by the European Union (EU) for Pakistan, at the General Council of the World Trade Organization (WTO), which is considering the matter for the fourth time, during its meeting early next month.

Around 75 tariff lines or products from Pakistan would get concessional access to European markets for three years, of which 67 would have zero tariff. On the remaining eight, tariff rate quotas (TRQ, limited imports at reduced duty) would apply.

This concession was offered by the 27-nation EU to help Pakistan in the wake of the devastating floods last year that claimed several lives and made many homeless. The country's growth rate last year was also estimated to have been substantially hit. The package is expected to be for two to three years, with about $300 million of yearly benefits to Pakistan's exports to the EU.

"India, hopefully, would not oppose the waiver any more, to prevent any adverse impact on bilateral relations prior to the visit of the Pakistani commerce minister to New Delhi next month," a senior official told Business Standard, on condition of anonymity.

WTO's General Council took the proposal for consideration thrice. The move was opposed by India, Brazil, Bangladesh, Peru and Vietnam, as it would impact their exports to the EU. Of the 75 products that would get duty-free access, 64 are textile items and a few are for agro products. "India is opposing on commercial logic but it also deems that such a waiver would set a bad precedent and go against the WTO spirit of non-discrimination," the official added.

The matter was also discussed between Prime Minister Manmohan Singh and his Pakistani counterpart, Yousuf Raza Gilani, when the latter visited India to watch the India-Pakistan World Cup semi-final in Mohali on March 30. It is also believed to have come up during last month's meeting between external affairs minister S M Krishna and Pak foreign minister Hina Rabbani Khar in Delhi.

Senior officials in the department of commerce say the move would severely impact our textile exporters, even if for a limited period. "It is not only India that is opposing the move; Bangladesh and Brazil are also against it. This is not a relief package; those can also be given in cash. There is no way one can approve this. Such a waiver has not been ever taken by the WTO before. This is still under discussion," the official said.

Interestingly, even as commerce secretaries of both countries came out with a long and ambitious list of promises at the end of their April meeting in Islamabad, largely seen as the first step to smoothen rough trading routes, this matter did not feature in the joint communiqué.

Philippines Comes in Way of Indo-Asean Services Agreement

AMITI SEN, The Economic Times - Mumbai Edition

17 August 2011, NEW DELHI: The Philippines has refused to make any meaningful offer to open up its services market to Indian professionals, thus playing the spoilsport in the recent India-Asean services negotiations in Indonesia."Trade ministers from other Asean countries blamed the Philippines for the delay in the services negotiations and suggested that India should talk separately to the country," a government official told ET.

Consequently, Commerce and Industry Minister Anand Sharma had a bilateral meeting with his Filipino counterpart Gregory L Domingo to push India's cause, but the country did not show much flexibility.

The Philippines maintained that it had to protect its services sector as it was vulnerable and the country's laws did not allow opening of the sector."The minister said that the country had not offered much even to other Asean countries," the official said.

While individually each of the 10 members of Asean are making offers to India for opening up their services sector, an agreement can be signed only when all countries are agreeable to the entire pact.

India and the Asean implemented a free trade agreement in goods last year, but the Asean has been dragging its feet on a services and investments agreement that was to follow.

India stands to gain substantially from a services agreement as there is a lot of scope for IT, healthcare, education and other professionals in the Asean countries. It benefitted much less from the goods agreement, as the Asean region already had low tariffs on goods and the FTA would not lead to steep reduction in duties.

Sharma met his counterparts from the Asean countries at the ninth Asean Economic Ministers-India consultations in Indonesia last week.In his meeting with Domingo, Sharma pointed out that the revised offer given by the Philippines for opening up its services sector was low in ambition and not commensurate with its economic status.

The Philippines has put on the table very limited sectors, none of which has commercial value for India.India argued that the country had not offered commitments in sectors and modes of commercial interest to India, including computer-related and other business services, even though it has been offered to other FTA partners in some cases.

Sharma also asked other Asean members to improve their offers and go beyond what had been put on the table at the World Trade Organisation, or the WTO.

India wants to conclude the services and investment agreement by November this year, but it would not make much sense if there are no better offers.

Bilateral trade between the Asean and India jumped 24% in 2010 to $ 51.3 billion.India's exports grew at 33% to $23.1 billion while imports from the Asean increased by 18% to $ 28.2 billion.Foreign direct investments (FDI) inflows from the Asean touched $14.25 billion in May 2011 and accounted for 10.36% of India's total FDI.

India is negotiating bilateral deals with individual Asean countries to gain access into the Asean services market.It already has a deal with Singapore and Malaysia and is negotiating ones with Indonesia and Thailand.

The Asean includes Brunei, Cambodia, Malaysia, Indonesia, Thailand, Vietnam, Laos, Singapore, Vietnam and the Philippines.

ASEAN-Plus-6 Ministers Adopt Japan-China Proposal on Trade

Jiji Press

Aug. 13, Manado, Indonesia --Ministers of economy from the 10 member states of the Association of Southeast Asian Nations and six partner countries agreed Saturday to set up three working groups to accelerate trade and investment liberalization based on a joint proposal by Japan and China.

The working groups on trade, investment and services will likely be launched in line with a summit among the 16 countries to be held in November, according to their agreement reached at an informal meeting here. The six partner countries are India, Australia, New Zealand and South Korea on top of Japan and China.

Japanese Minister of Economy, Trade and Industry Banri Kaieda explained the Japan-China proposal aimed at breaking the stalemate in the initiative for forming a broad economic alliance among the Asia-Pacific nations.

After the meeting, Kaieda told reporters that Japan wants to cooperate with China in launching negotiations on the economic partnership.

Beijing has led the ASEAN-Plus-Three framework between the ASEAN members and Japan, China and South Korea, while Tokyo has called for promoting talks under the ASEAN-Plus-Six forum.

But Japan and China have now agreed to move forward by putting aside their differences.
In the wake of the March 11 earthquake and tsunami that devastated northeastern Japan, Kaieda underlined the importance of creating an environmentally friendly smart community where smart grid next-generation power network systems, intelligent transport systems and other technologies are utilized.

He said that Japan will boost its support to other Asian countries hoping to introduce the smart community idea.

At a separate meeting with ASEAN ministers, Kaieda showed Japan's hope to expedite infrastructure exports to Asia. Japan intends to act in a way to support its economic recovery and economic development in ASEAN countries.

India, Australia review progress of FTA negotiations

The Hindu

13 August 2011, NEW DELHI,BUSINESS: India and Australia on Friday agreed to give a strong push to the ASEAN+6 process in an effort to take forward the economic integration in Asia. Both countries also reviewed the progress of the Indo-Australia Free Trade Agreement (FTA) negotiations.

Mr. Sharma met his Australian counterpart Craig Emerson at Manado in Indonesia on the sidelines of the ASEAN Economic Ministers+6 summit to discuss the bilateral trade relations between the two nations.

It was also decided that the first meeting of the Indo-Australia CEO's Forum will be held in India later this year. Mr. Sharma and Dr. Emerson reviewed the progress of Indo-Australia FTA negotiations. The first round of the negotiations was held in May. Both ministers agreed to give a strong push to the ASEAN+6 process and take forward economic integration in Asia.

Emerging from the bilateral meeting, Mr. Sharma expressed optimism on the East Asia Summit. “We consider the East Asia summit as an opportunity to establish a regional architecture for cooperation, connectivity and future integration which will bring about a strong, sustainable and balanced economic growth in the region. For this we need to pursue the proposed Comprehensive Economic Partnership in East Asia (CEPEA) vigorously."

The Commerce Minister also took stock of the Doha round during the meeting with Dr. Emerson. “All of us have been active participants at the WTO with the common goal of early conclusion of the Doha Round. India supports a balanced, comprehensive and development-centric outcome," he remarked.

The Commerce Minister noted the significant increase in trade and investment between ASEAN and India in 2010. Trade between India and ASEAN increased by 24 per cent to $51.3 billion in 2010. India's exports grew at 33 per cent at $23.1 billion while imports from ASEAN increased by 18 per cent to $28.2 billion. Foreign direct investment inflows from ASEAN reached $14.25 billion in May and accounted for 10.36 per cent of India's total FDI.

Anti-dumping duty on Chinese chemical extended for 5 yrs

PTI

August 18 2011, New Delhi : The government has decided to continue imposing anti-dumping duty of up to USD 515.94 per tonne on imports of a chemical from China, used in industries like pharmaceuticals and dyeing, for five more years to protect domestic industry.

The restrictive duty on Sodium Nitrite, which is also used in the meat processing and textile sectors, was initially imposed in 2006.

"The anti-dumping duty imposed shall be levied for a period of five years (unless revoked, superseded or amended earlier)...," the Department of Revenue said in a notification.

The decision comes following a review carried out by the government on continuation of duty on the product. The Commerce Ministry had recommended continuation of the duty.

Anti-dumping duty on the product was originally imposed after it was found that consignments were exported to India from China at below the normal value. Based on a probe, it was concluded that the domestic industry had suffered a material injury due to dumping of the chemical at a predatory price.

Anti-dumping duty is recommended by the Commerce Ministry, while the Finance Ministry imposes the same.

Unlike safeguard duties, which are levied in a uniform way, anti-dumping duties vary from product-to-product and from country-to-country.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in cheap imports.

As a counter-measure, they impose duties under the multilateral WTO regime. Anti-dumping measures are taken to ensure fair trade and provide a level playing field to domestic players. It is not a measure to restrict imports or cause an unjustified increase in the cost of products.

China launches midterm review of anti-dumping measures on Indian antibiotic imports

Xinhua

Aug. 17, BEIJING : China's Ministry of Commerce announced Wednesday that it will begin its midterm review of anti-dumping measures on sulfamethoxazole (SMZ), an antibiotic imported from India.

The decision was made after the China-based Shouguang Fukang Pharmaceutical Co. filed an application to the ministry in June for a midterm examination, the ministry said in a statement posted on its website.

The company asked for an adjustment of tariff rates for antibiotic imports from India, as Indian SMZ producers and importers expanded their dumping efforts in China after the imposition of anti-dumping duties, the statement said.

China imposed five-year anti-dumping duties, ranging from 10.1 percent to 37.7 percent, on SMZ imported from India on June 16, 2007.

The ministry said that it will examine the dumping margins based on current market conditions and evidence provided by Shouguang Fukang.

India sore over China not allowing IT, pharma exports

PTI

Aug 24, New Delhi: The government today expressed disappointment over China not fulfilling its promise to import more IT, ITeS and pharma products, which could help reduce the hugely-tilted trade imbalance favouring Beijing.

"At the time of India-China Joint Economic Group, we had discussed the issue of IT and ITeS exports as also pharma with China. Unfortunately, that is yet to be done. We will take up the issue with China once again," Commerce & Industry Minister Anand Sharma told Rajya Sabha during the Question Hour.

During the 8th round meeting of the India-China Joint Economic Group (JEG) last year, China had assured India that it would give India access, through government contracts, in sectors like pharmaceuticals and IT.

India's trade deficit with China in 2010 stood at USD 20.02 billion, more than USD 15.87

billion registered in 2009.

China has already emerged as one of the largest trading partners of India. In 2010, the bilateral trade stood at USD 61.74 billion, which is expected to touch the USD 100 billion- mark by 2015.

"We are exporting primarily raw materials to China, while it is exporting semi-finished products to us. 50 per cent of India's exports comprises iron ore. The trade with China is definitely skewed," Sharma said.

Replying to a question from NCP's Govindrao Adik as to what measures the government was taking to stop the Indian market from being flooded with Chinese products, Sharma said government was monitoring the situation and steps were taken accordingly.

In December 2009, India had banned import of all mobile phones which did not have IEMI numbers (specific numbers that a handset carries which enables tracking it in case of need).

Chinese apples lowering profits of Indian growers

PTI

August 11 2011, New Delhi: With Chinese apples affecting the profitability of domestic growers, governments of major cultivating states joined by farmers and traders have demanded raising import duty of the fruit to over 80 per cent to prevent its dumping in India.

A delegation of Horticulture Ministers of Himachal Pradesh, Jammu & Kashmir and Uttrakhand recently met Union Agriculture Minister Sharad Pawar and his Commerce and Industries counterpart Anand Sharma and sought the Centre's intervention on the issue.

"Developed countries like China has dumped the apples in domestic markets which has led to a crash. As a result Himachal apple growers alone have suffered a loss of around Rs 100 crore during the current season", HP Horticulture Minister Narendra Bragta said.

"We urged the Central Ministers to raise import duty on apple coming from China and other foreign countries to over 80 per cent", Bragta told PTI.

The import duty on the fruit at present is 50 per cent.

He said that NDA government had hiked the duty on the delicious fruit to 50 per cent in 2000-2001 on personal intervention of then Prime Minister Atal Bihari Vajpayee.

But the current glut of imported apples has created an alarming situation which needs to be tackled on an emergency basis, he said.

China is the largest producer of apple in the world followed by India.

President of Azadpur market (Asia's biggest wholesale market of fruits & vegetables) based Apple Merchants Association, Metharam Kriplani said rush of apples from China in the last three years has seriously dented the profits of Indian Apple growers.

Safeguard probe into import of chemical used in plastic manufacturing

PTI

August 14, 2011, New Delhi: India has again started a probe into import of a chemical used in plastic manufacturing after the domestic industry sought imposition of safeguard duty on it for one year.

The Directorate General of Safeguards (DGS) started the investigation on import of the chemical -- Phthalic Anhydride (PAN)-- on a complaint filed by three of the five domestic producers, who account for 86 per cent of the total country's production. The applicants -- Thirumalai Chemicals (Tamilnadu), IG Petrochemicals (Maharashtra) and Mysore Petrochemicals (Karnataka) -- have claimed that the increased imports of the chemical have caused and are threatening to cause serious injury to the domestic producers, DGS said.

Earlier, the government had imposed a safeguard duty of 25 per cent on import of PAN in January 2009, for a period of one year. But the duty expired in December 2009.

The DGS said applicants seek safeguard duty for one year with the purpose to enable the domestic industry to "improve its capacity utilisation in order to survive"."The application has been examined and it has been found that prima facie increased imports of PAN have caused and are threatening to cause serious injury to the domestic producers... accordingly, it has been decided to initiate an investigation...," DGS said.

The chemical is imported from a number of countries, and primarily from Korea, Israel, Iran and Taiwan. Imports of Phthalic Anhydride have shown an increasing trend in absolute terms as well as compared to the domestic production.

The imports have risen from 28,098 MT in 2009-10 to 61,965 MT in 2010-11, an increase of 121 per cent. Further the import with respect to domestic production was 14.08 per cent in 2009-10 and increased to 28.52 per cent in 2010-11.

As per the latest data available, the capacity utilisation of the domestic industry has declined from 87 per cent in the second quarter of 2010-11, to 75 per cent in the April-June quarter of the current fiscal.

Besides, the plant of Mysore Petrochemicals is closed for an indefinite period since June 20, 2011, due to accumulation of high stocks, the applicant informed DGS.

Sudden increase in imports as a result of trade liberalisation can put strain on domestic industries.

In accordance with WTO norms, safeguards protect domestic producers temporarily while they adjust to become more competitive vis-a-vis foreign players.
PAN is used to produce Phthalate esters, which function as plasticisers. It is an important chemical intermediate in plastic industry.

Duty imposed on caustic soda imports from Thailand, Taiwan, Norway

PTI

Aug 24, New Delhi: India has imposed anti-dumping duty of up to USD 379 per dry tonne on imports of a chemical, used in soaps, detergent and drugs, from Thailand, Norway and Taiwan to protect domestic players.

The restrictive duty on import of 'Caustic Soda' would be imposed for a period of five years, the Department of Revenue said.

"The anti-dumping duty imposed shall be levied for a period of five years (unless revoked, superseded or amended earlier)," the department said.

Caustic Soda is also used in manufacturing of pulp and paper, newsprint, viscose yarn, aluminium, cotton, dyestuffs, pharmaceuticals and petroleum refining.

The Directorate General of Anti-Dumping and Allied Duties (DGAD), a nodal agency under the Commerce Ministry, had recommended imposition of the duty.

This was after its probe revealed that domestic industry had suffered a material injury on account of dumped imports of the chemical from Thailand, Norway and Taiwan (Chinese Taipei).

The country had already imposed this duty on imports of other products, including fabrics, yarn, nylon tyre cord and several chemicals.

Anti-dumping duty is recommended by the Commerce Ministry, while the Finance Ministry imposes the same.

Unlike safeguard duties which are levied in a uniform way, anti-dumping duties vary from product to product and from country to country.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in cheap imports.

As a counter-measure, they impose duties under the multilateral WTO regime. PTI RR MM TVS MR 08242007

India, Saudi Arabia talks on PP anti-dumping tax next month

PTI

August 23, 2011, Dubai: Saudi Arabia and India will resume talks next month on the prospects of lifting an anti-dumping tax imposed on the kingdom's polypropylene exports, a news report has said, quoting informed sources.

Saudi Arabia's Commerce and Industry Minister, Abdullah Zainal Alireza, will lead the Saudi delegation for new talks in New Delhi, the Indian trade mission in Geneva said, adding that Finance Minister Pranab Mukherjee will lead the Indian team.

According to the Arab News report, analysts have assigned utmost importance to the next round of talks, as previous bilateral negotiations have failed to reach an agreement.

New Delhi imposed an anti-dumping tax on Saudi PP exports in July, 2009.

India imports 25,000 tonnes of polypropylene from Saudi Arabia annually.

Before imposing the anti-dumping tax of 1.5 per cent per tonne, or USD 20-22, Saudi polypropylene was the lowest priced product in the market, the report said.

Saudi Export Development Centre (SEDC) Executive Council Chairman Abdul Rahman Al-Zamil described the 22 per cent tax as "unreasonable" and urged New Delhi to reconsider the decision in the light of the strategic trade relations between the two countries.

According to Al-Zamil, India imposed anti-dumping taxes on Saudi polypropylene exports, saying it had cheaper feedstock.

"The availability of cheap feedstock in the kingdom is quite natural as a result of abundant local gas supply and the location of petrochemical plants closer to gas pipelines," he said.

Garment exporters demand sops

Financial Express (India)

13 August 2011:Hit by the rising raw material prices and a decline in overseas orders owing to the slump in Western markets, garment exporters have knocked at the government's door for succour. The Apparel Export Promotion Council (AEPC) has written to the commerce ministry, asking for retrospective introduction of Duty Entitlement Passbook Scheme (DEPB) benefit at a minimum rate of 15%. The council has also urged the ministry to reinstate the market linked focused product (MLFP) scheme for the US and European markets, under which an incentive equal to 2% of the freight-on-board value is given.

The DEPB scheme is meant to neutralise the customs duty element in export production and it is proposed to be discontinued after September this year as it allegedly runs counter to the World Trade Organization (WTO) agreement on subsidies.

"If cotton and cotton yarn are eligible for 5.6% and 7.6% DEPB benefit with retrospective effect, it stands to logic that the benefit for the apparel sector is a minimum of 15%," said Premal Udani, chairman, AEPC. Currently, the DEPB rate for garment exporters is 6.7%.

After keeping them suspended for a while, the government has recently restored the DEPB benefits for cotton and cotton yarn following a sharp fall in domestic and international prices of these commodities from October 1, 2010 and April 1, 2011, which compressed the exporters' margins.

"Since DEPB is to be phased out by September 30 this year, we request the commerce ministry to reintroduce the MLFPS (focussed market) scheme and enhance the value of the script from 2% to 7.5% with effect from October 1, 2010 for the EU and US markets," said Udani.

Asia's demand offers relief to world sugar surplus

Erik dela Cruz, Reuters

* ISO sees global surplus at 4 mln T in 2011/12
* China, Indonesia demand could drain surplus
* India expects 4 million tonnes sugar surplus

Aug 15, CEBU, Philippines: The global sugar market will see a sizeable surplus in the next crop year but rising Asian demand, led by China, and lower-than-expected output in top exporter Brazil may offer opportunity for producers to expand sales, industry officials said.

Demand from China and Indonesia, which together account for about 3 percent of world sugar production, could help ease the surplus estimated at around 4 million tonnes in the crop year to September 2012, the International Sugar Organization (ISO) said.

ISO's estimates are lower than forecasts by ABN AMRO/VM Group, which pegs an excess of 7.83 million tonnes in the year starting October this year, and Czarnikow, which sees a 10.3 million-tonne surplus.

India alone is expected to see a larger surplus of 4 million tonnes in 2011/12 from its expected sugar production of 26.0 million tonnes, versus 24.2 million tonnes for the 2010/11 season, said Abinash Verma, director general of the Indian Sugar Mills Association (ISMA).

"There will be a surplus and there will most likely not be a massive restocking," ISO executive director Peter Baron said in an interview ahead of a sugar conference in Cebu.

"China is an interesting case. We expect that China, for the first time, will import more sugar this year than their WTO quota of 1.9 million tonnes. We wouldn't be surprised if China would import more than they did in 2010/11."

China has ramped up imports of sugar in recent months to boost its reserves and cool soaring domestic prices, industry sources say. Total imports in the first half have risen 27.4 percent from a year ago to 520,472 tonnes.

Analysts also underscored the support coming from lower Brazilian sugar crop.

"You've got the obvious bullish element in the market being the continued downgrade that we've seen in the past couple of months to Brazilian production estimates," said Luke Mathews, commodities strategist at CBA in Sydney.

"Considering Brazil's standing in the global sugar market, that's an overwhelmingly bullish story."

Brazil's main centre-south sugar output for 2011/12 is estimated around 30.5 million tonnes, commodity trader Energy Brazil told Reuters, below the 31.57 million tonnes projected by cane industry association Unica.

Last week, Unica cut its centre-south sugar output estimate for the second month in a row from its July estimate of 32.38 million tonnes, as frost, flowering and falling yields continued to drag down milling results.

CHINA DEMAND, INDIAN SURPLUS

The ISO said that supply and demand fundamentals will set the tone for global prices and New York raw sugar futures are expected to trade in a range of 23 to 28 U.S. cents a pound over the next eight to 12 months -- below a recent peak around 31 cents.

"There was a time when the price of sugar was delinked with the fundamentals. But now we have the impression that the market is more (focused on) the basic fundamentals," said ISO'S Baron said.

The organisation also forecast China to import about 3 million tonnes in the 2011/12 season, in line with analysts' estimates, as the world's second-largest economy needs to bolster its sugar reserves to strategic levels.

Any excess supply from Thailand and India could also be absorbed by Indonesia, which could import about 2.6 million tonnes in 2011/12 as domestic output was unable to meet the country's growing demand.

Thailand, the world's second-largest exporter after Brazil, is forecast to produce around 10 million tonnes of sugar in 2011/12, topping its 2010/11 output of 9.62 million tonnes, the ISO said.

ISMA's Verma said the decline in Brazil's production will offer an export opportunity to Thailand and India, the world's main consumer and the second-largest producer. India was hit by a severe drought in 2009 that hit sugar output and forced it to import.

"The size of (Indian) exports for next year depends on the timing that the government allows exports and how good prices would be in the next six months or so," said Verma, adding that since India is not a regular exporter of the sweetener, it is unable to export much to China, which prefers Brazilian sugar.

"India's sugar is sold to Pakistan, Sri Lanka, Bangladesh and Middle East countries. We have also sold some sugar to the EU," Verma said.

"Not much to China. I understand China has a preference for Brazilian sugar. The problem in India is that it's not a regular exporter."

India has decided to allow another 500,000 tonnes of unrestricted sugar exports, a government minister said on Friday, which would come on top of 1 million tonnes of shipments allowed so far this year.

But Verma said it was not yet certain if India could still be a sugar exporter for the 2012/13 season.

Global food prices near 3-year highs -World Bank

Lucia Mutikani, Reuters

* July World Bank food price index up 33 pct from year-ago
* Global stocks still low despite improvement in supply

Aug 15, WASHINGTON: Global food prices held near three-year highs in July and stocks were low, piling on pressure on the world's poor, the World Bank said on Monday.

The World Bank Food Price index increased 33 percent in July from a year-ago and stayed close to 2008 peak levels, with large rises in the prices for maize, or corn, and sugar.

"Persistently high food prices and low food stocks indicate that we're still in the danger zone, with the most vulnerable people the least able to cope," said World Bank President Robert Zoellick.

High food and energy prices have stoked inflation pressures around the global, but the problem has been more acute in developing nations.

Although food prices are moderating in most advanced countries, uncertainties about the global economy and the political situation in the Middle East and North Africa mean oil prices likely will remain volatile, keeping inflation on the radar.

While overall food supply has improved since April -- mainly because of good wheat harvests in the United States and Europe and better maize yields in Argentina and Brazil -- global stocks remained "alarmingly" low, the World Bank said.

Global output of grains in 2011/12 is projected to be 3 percent higher than the estimated output for 2010/11.

But the stocks-to-use ratio for maize currently stands at about 13 percent, the smallest since the early 1970s. Wheat and rice stocks also remain well below their late 1990s and early 2000 levels.

"Coupled with the fact that the realization of the forecast yields is itself contingent on benign weather conditions in the major exporting countries, the low stock environment has created a situation in which even small shortfalls in yields can have amplified effects on prices," the World Bank said.

The price of maize was up 84 percent in July from a year ago and sugar increased 62 percent.

The World Bank said the move into production for biofuels was also driving up the price of maize, noting that in the first four months of 2011, U.S. maize demand for ethanol production rose 8 percent from the same period last year.

Rice prices increased 11 percent in the last quarter after declining since February. Sugar prices increased 29 percent between May and July amid worries about Brazil's lower-than-expected sugarcane harvest.

"Given that sugar and vegetable oils together account for roughly 50 percent of the World Bank's food price index, volatility in these prices is likely to have unexpected effects on food prices in the months ahead," the World Bank said.

World population will reach 7 billion this year: study

AFP

August 17, 2011, PARIS :The world population will reach seven billion later this year, with increases in the number of people in Africa off-setting birth rate drops elsewhere, according to a new French study published Thursday.

Looking much further ahead, the National Institute for Demographic Studies (INED) predicts a continuing rise in the overall population figures until the total stabilises somewhere between 9-10 billion worldwide by the end of the century.

From six billion people, the figure estimated in 1999, the gap between the global birth and death rates has swiftly brought the total figure towards the next billion in just 12 years.

INED expects it to take a further 14 years to reach eight billion people before the figures start stabilising, according to the study which pulls together research carried out by the United Nations, the World Bank and several major national institutes.

In historical terms the growth in the global population has been soaring since the 19th century.

"It has increased seven-fold over the last two hundred years, topping seven billion in 2011, and is expected to reach nine or 10 billion by the end of the 21st century," the report said.

Just seven countries now account for half the world's population, and therefore their demographic shifts have a major effect. China tops the list with over 1.33 billion people, with another 1.17 billion in India.

The other five countries, in order, are the United States, Indonesia, Brazil, Pakistan and Nigeria.

INED estimates that between now and 2050 India will become the most populous nation, with Beijing's one-child policy moderating the Chinese numbers.

While the overall numbers continue to grow, the rate of increase is already dropping, according to INED, standing at 1.1 percent this year from two percent 50 years ago.

This is due to the total fertility rate per women dropping to 2.5 children, half of the figure recorded in 1950.

However regional differences are great, with an average of 4.7 children per woman in Africa compared with just 1.6 in Europe.

COMMENT

End the charade in talks on global trade

Jean-Pierre Lehmann, Financial Times

25 August 2011: There is a global trade crisis. Unlike the financial crises, it is not making headlines. But it is potentially far more dangerous. It is true there are no significant trade conflicts at the moment. But the whole institutional framework is breaking down. When a big trade conflict arises - and it is surely "when" not "if" - the system in all likelihood will not be

able to cope. After the disastrous World Trade Organisation meeting in Seattle in 1999, Mike Moore, the then director-general, said he feared the WTO could become to the 21st century world economy what the League of Nations was to the world community before the second world war: an impotent talk-shop that was ultimately unable to survive. Twelve years later these seem to have been prophetic words.

The institutional trade crisis must not be seen in isolation. It reflects a deeper malaise and malfunction of global governance at a time when leadership is needed to tackle daunting challenges: huge and pervasive sovereign debts; climate change; the quagmire in Iraq and Afghanistan; nuclear proliferation; illicit trade (corresponding to about 30 per cent of all trade); widespread unemployment, especially among young people; sprawling urban slums; seemingly uncontrollable food price volatilities - to name just a few. Global governance meetings - of the WTO, of the G20, G7 and G8 groups of large economies, and on climate - are charades.

The WTO was established in 1995, in the euphoria of post-Berlin Wall globalisation, and the Doha round of trade talks was launched in 2001, a few weeks after the cataclysm of 9/11. Yet, by 2003, it was clear that the Doha round would not succeed. In an institutional re-enactment of the myth of Sisyphus, trade negotiators have plodded on for eight more years from one failed meeting to the next. The most recent was in July, when it again proved impossible to agree a minimal deal. A ministerial meeting convened for December - marking the 10th anniversary of the Doha Development Agenda - is certain to be another failure.

Here are some suggestions for getting out of the impasse.

First, the Doha round should be buried. Some suggest it should be declared dead. But it has been dead for some time and the corpse is putrefying: so a burial, a wake, and some appropriate words of farewell.

Second, the planned WTO December ministerial meeting should be cancelled. Such meetings are terribly expensive, and even more environmentally corrosive. They should not be held unless constructive outcomes can reasonably be expected.

Third, in lieu of the WTO ministerial, a group of eminent people should be appointed with the task finding a way out of the current doldrums and outlining future courses of action. The head of the group should preferably be from one of the emerging economies: Ernesto Zedillo, the former Mexican president, Mari Pangestu, the Indonesian trade minister, and Ujal Singh Bhatia, India's former ambassador to the WTO, are among the names that come to mind.

Fourth, the WTO needs a change of leadership. Pascal Lamy is an honourable man. He must be commended for his ceaseless efforts, but there is a need for fresh blood. Mr Lamy is too closely associated with Doha. He was the European Union's trade commissioner at the Doha round's launch in 2001 and at the 2003 Cancún ministerial meeting that collapsed (in part owing to his intransigence); and he then became WTO director-general in time for the inconclusive 2005 Hong Kong ministerial meeting. He was reappointed, unopposed, in 2009. The absence of an opponent was regrettable and probably harmful, because it aborted any possibility of debate.

Fifth, the next head of the WTO should not be from any of the G20 countries or regions. Ideally, he or she should be from a small, "neutral" country that is very active in trade. Chile, Singapore and Switzerland would be prime candidates, but consideration should also be given to Hong Kong.

The steps recommended here can do no more than lay the foundations for future developments. However, at the very least they would take us away from the putrefying Doha corpse and, one might hope, shed some light on prospects for the trade regime in the 21st century. They might also provide a model for other paralysed areas of global governance before they too putrefy.

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