Quantitative Restrictions

Table of Contents

India rethinks frequent ban on export of foodgrain, other farm commodities 2

India extends ban on milk import from China for one year 4

India set to ban import of used plant and machinery 6

Govt lifts ban on export of skimmed milk powder 7

Cotton may see gloomy days ahead 8

DGFT imposes restrictions on sugar exports 10

India frees sugar exports, global prices fall 11

US, EU cry foul over India's ban on cotton exports 13

Millers tell govt to rethink ban on pulses export; seek long-term policy 14

Ban on cotton exports to stay for a while: GoM 16

Govt partially withdraws cotton export ban 18

India to take up import restrictions with Argentina: Khullar 20

Govt says will review cotton export ban 21

US challenges India poultry ban at WTO 23

India extends ban on milk imports from Chinese 24

US, EU seek to ban countries from imposing restrictions on food export, limit taxation on exports 25

Anand Sharma welcomes Australian Decision to Reverse Ban on Uranium to India 27

CMs Oppose Govt Move To Control Prices By Export Bans 28

Govt may lift ban on onion export 29

No blanket ban by EU on ayurvedic medicines: Azad 30

India to raise its concerns over Argentina’s import restrictions bilaterally 31

Govt lifts restrictions on cotton exports 33

India rethinks frequent ban on export of foodgrain, other farm commodities

Amiti Sen, Economic Times

New Delhi, July 4, 2012: India's frequent ban on export of foodgrains and other farm commodities may soon become a thing of past as the commerce department is working on a policy to allow traders meet their exports obligations even in times of domestic shortages through imports.

The move will help India restore some global credibility as it has often faced flak for its banning spree.

"Once we are ready with the proposal, it will be sent to the finance ministry," a commerce department official told ET.

New Delhi's flip-flop on exports of onions, sugar and cotton in particular has been criticised at the international foras such as World Trade Organization and G-20, creating fears of India being branded as an unreliable supplier.

The G-20 meeting of farm ministers in Paris last year underlined the need to oppose export bans, especially at a time of humanitarian crisis.

Moreover, banning exports at the slightest pretext of domestic shortage has also led to bitter exchanges among commerce, food and agriculture ministries, as seen in the case of cotton exports.
The proposal seems to have the blessings of the finance ministry as former finance minister Pranab Mukherjee raised the issue in the discussion on the Union Budget in May this year.

"We have to maintain our presence in the international market and meet our commitments," Mukherjee had said, adding it is all right to export something that the country produces even if it has to be re-imported later if the need arises.

Despite having millions of tonnes in wheat stock, the exports in 2009-10 and 2010-11 was only 3.5 lakh tonne.

The exports industry, too, has been complaining for long that short-term policies affect decision making.

"Our reputation as an exporting nation suffers because of our fast changing policies. It creates uncertainties not just for exporters but also for our importers.

We are not seen as reliable suppliers," said Abinash Verma, director general, Indian Sugar Mills Association. The commerce department is confident the proposed policy will work.

"If we implement the proposed policy, an exporter can continue serving his customer, provided he is ready to import from other sources if there is a shortage at home," the official said.

Experts say the concept is fine, but it needs to executed with care.

"When exports continue at the time of shortages, the impact on prices is much more than the demand-supply gap because of speculation," says Biswajit Dhar, director general, Research and Information System for Developing Countries. So, when the government decides against export ban, it has to simultaneously think of ways to control speculation, Dhar adds.

The commerce department had earlier proposed unrestricted exports of all major commodities under a limited ceiling, but it was not appreciated by food and textile ministries.

[Back to Top]

India extends ban on milk import from China for one year

Business Standard

Mumbai, July 4, 2012: The government has extended ban on import of milk and its production from China for one more year.

A notification to this effect was issued by the Directorate General of Foreign Trade late Monday evening which says that milk and its products would continue to be banned from China until June 23, 2012 or further orders, whichever is earlier. The prohibition of import includes chocolates and chocolate products and candies/ confectionary/ food preparations with milk or milk solids as an ingredient.

The prohibition on import of milk and its products from China was originally imposed September 24, 2008 with reports that the milk products imported from China contain melamine – a banned substance injurious to health. The ban was extended since then time to time.

There were reports that milk sold in China was laced with melamine. Unfortunately, it is possible that it accumulates in the body and causes toxicity problems - basically damaging the kidneys and forming stones (solid deposits within the kidneys or bladder). Infants fed regularly with milk containing melamine will be particularly susceptible to these effects. As we have seen tens of thousands have been affected and several have died in China. Why this problem is not more widespread, given the rather large number of infants potentially having been drinking contaminated formula-milk for months is unclear.

Dairy farmers have been feeling the squeeze for years, particularly in parts of the world where technological advancement has been slow in coming and so their profit margins on their milk output have not been lifted by improved efficiency. In order to boost profits milk has been diluted. However, this brings with it the problem of falling quality - dilute with water and measurable concentrations of milk proteins, fats, and sugars fall. Dilution by up to 30 per cent has not been uncommon, which is where melamine comes in. Melamine is a small organic molecule with a high nitrogen content that can easily fool the quality control equipment into thinking that nitrogen (from protein) is present at normal levels and so the milk is passed as good.

Acting on reports by the food standard authority in the US, the American regulator also banned imports of milk and its products from China in 2008.

Despite repeated clarification from the Chinese Authorities of resolving melamine issue, the ban on imports of milk and its products continued in India which saw similar ban on import of Indian seafood into China.

The move came over a week after the Food Safety and Standard Authority of India (FSSAI) had recommended extension of ban on milk and its products on June 22 in view of reports of poor quality standards of milk in China. The DGFT was awaiting a nod from the Ministry of Commerce for extending this ban further despite the previous suspension period expired on June 24.

[Back to Top]

India set to ban import of used plant and machinery

Deepshikha Sikarwar, Economic Times

June 14, New Delhi: The government will soon restrict import of used plant and machinery, a move aimed at safeguarding the productivity and competitiveness of Indian manufacturers.

A panel headed by cabinet secretary AK Seth has decided to ban import of machinery more than five years old. "The big worry is that such imports would impact overall productivity and erode competitiveness of the manufacturing sector," said a government official privy to the development.

The domestic capital goods industry says imports are partly responsible for the drop in output; a contention supported by government data that showed production of capital goods contracted 4.1% in 2011-12.

Data on Tuesday showed the sector contracted by as much as 16% in April. The government is also considering an import duty on 75% of the original value of machinery, which will drive up costs for importers. At present, the duty is levied on the value of machinery on the day.

The commerce and industry ministry, which in April withdrew a facility that allowed domestic firms companies to issue equity to overseas firms against import of second-hand goods, is now expected to ban such imports under subsidy schemes such as the Textile Up-gradation Fund and the Credit-Linked Capital Subsidy Scheme.

The ministry has been asked to either ban import of machinery more than five years old or spell out the age limit for machinery in each sector.

The usage of second-hand machinery is high in certain sectors. For instance, industry estimates show that use of second-hand shuttleless looms constitute about 80% of equipment purchases in the textiles sector.

While the share is 40%-45% in the case of machine tools equipment, it is a high of about 80% for construction equipments such as cranes.

Addressing these concerns, industry chamber CII had written to the government earlier saying that second-hand machinery stifled domestic growth and led to unemployment. The CII said such imports retard technological up-gradation, increase energy consumption and also pose a threat to safety seeking imposition of restrictions.

The AK Seth-led panel, which included secretaries from key stakeholder ministries such as finance, commerce, textiles, power and heavy industries, has also asked the National Manufacturing Competitiveness Council to study the impact of free trade agreements on such imports. [Back to Top]

Govt lifts ban on export of skimmed milk powder

PTI

June 1, 2012, New Delhi: Amid surplus availability, the government on Friday lifted ban on export of skimmed milk powder (SMP) to improve finances of dairy firms and help milk producers.

The decision to this effect was taken by the Cabinet Committee on Economic Affairs (CCEA).

"It has been decided to lift ban on export of SMP," Agriculture Minister Sharad Pawar told PTI.
The government had banned SMP exports in February 2011 to contain rise in domestic milk prices.

When asked if there was any quantitative restriction on export, he replied in negative.
Pawar said the Commerce Ministry has also been asked to provide incentives to the exports of SMP in line with other farm produce.

The ministry has also been asked to examine the possibility of imposing import duty on SMP, he added.
The dairy industry has been facing liquidity crunch as it could not make profit through sale of skimmed milk powder due to steep fall in domestic prices following surplus supplies.

Domestic prices of SMP have declined to Rs 150 per kg now as against Rs 190-200 per kg in the same period last year.

Mother Dairy Managing Director S Nagarajan said, "The exchange rate is favourable for export but we need to ascertain actual demand in the international market."

Sterling Agro Industries Managing Director Kuldeep Saluja said, "The move will benefit both industry and farmers. There is excess stock of over one lakh tonnes lying with industry. The export will help improve liquidity."

Milk production in India, the world's biggest producer, is estimated at over 120 million tonnes in 2011.

[Back to Top]

Cotton may see gloomy days ahead

Rajesh Bhayani & Komal Amit Gera, Business Standard

Mumbai/ Chandigarh, May 16, 2012: The cotton controversy does not seem over yet, despite the decision at the beginning of this month to re-allow its export. Cotton prices in the domestic and global markets have fallen six to seven per cent. Exporters say they're selling at a loss due to individual ceilings imposed in the notification. Prices have fallen globally as well, due to expectations of high (global) ending stocks.

The real problem for consumers would start three months down the line, by when stocks at home would have dried up and the new crop might be lower, going by the expectations of a 10 per cent fall in area sown. Which is likely to mean prices begin to move up. Even before the government allowed free export a fortnight earlier, the Cotton Advisory Board (CAB) had estimated a closing stock of 2.51 million bales (a bale is 170 kg) after considering 11.5 million bales already shipped out. The closing stock estimated was already the lowest in a decade. It was four million bales in each of the past two years.

Exports have since been freed but traders are not as enthusiastic, though they feel 1.5 million bales might still be exported in the next three months, before the season ends. Exports will be limited on two counts. Several restrictions have been imposed by the government and the US department of agriculture (USDA) has said the current year's global closing stock is expected to be higher by 12 million bales, at 77 million bales. The reason: China, the largest importer of cotton, is expected to have huge cotton reserves and is not likely to purchase substantial quantities this year. Traders say China's new import quota, to be announced in the near future, may be close to 1.2 million tonnes (seven million bales) this year.

Govt caps, stocks

Explaining procedural difficulties in exports under the new notification, Rakesh Rathi, president of the North India Cotton Association, said the guidelines issued by the directorate general of foreign trade say an existing exporter can send only up to 10,000 bales and a novice 1,500 bales under one Registration Certificate (RC). A second RC would be issued only on filing proof of executing at least half the quantity of export mentioned in the first RC. This, he said, has undermined the prospects. Exporters who had contracted would now have to seek a new letter of credit (LC) from importers, which they are finding difficult as they had not been able to meet past commitments due to a sudden export ban.

On the other hand, even if only 1-1.5 million bales are exported in the next three months, the closing stock will fall to a little over a million bales, going by CAB estimates. D K Nair, director-general, Confederation on Indian Textile Industry, says: "The cotton crop may be lower than even CAB had estimated, as arrivals of new cotton are not that high at present." CAB had in its April meeting estimated 34.7 million bales.

This may lead to a crisis for cotton textile mills and spinning mills when the season comes to an end, as they will not get cotton till the new season crop arrives. "By then, prices should start rising and the benefit of higher prices will not accrue to farmers, as they would have sold all the cotton they have and traders will reap the benefits," said Nair.

Jagdish Joshi, a veteran cotton industry analyst, however said, "The scene may not be that bad, as CAB's estimates seem very conservative and India's total crop for 2011-12 may turn out to be 36.5 to 37 million bales."

Interestingly, several exporters who'd stored cotton expecting free export have started selling even at a loss in the domestic market, given the 10,000-bale cap on shipment abroad. This has lead to a slide in prices at home, as mentioned over the past week, of seven to eight per cent. In the Mumbai market, the Shankar-6 variety was selling at Rs 33,000 per candy (356 kg). After the latest USDA projections regarding high global ending stock, prices in the US market have also come down by eight per cent, to 76.71 cents per pound.

Cotton prices in China are 10 per cent higher but they are not eager to give more orders to Indian exporters, as the latter have not met past commitments due to the sudden ban imposed by the government.

Noting the drop in global cotton prices, spinning mills in India are also buying less. Summarised a Mumbai-based exporter: "Ever since government intervention started in cotton, the entire value chain has gone into a mess. Neither farmers nor traders have been rewarded with the recent decision on lifting of the ban on exports."

[Back to Top]

DGFT imposes restrictions on sugar exports

Business Standard

Mumbai May 16, 2012: Within three days of the ministry of food allowing "free" sugar exports under the open general licence, the Directorate General of Foreign Trade (DGFT) has imposed restrictions similar to the control it did for cotton earlier this month.

The DGFT, reversing the food ministry's May 11 order, has not only made registration mandatory, but has also put a quantitative restriction of 10,000 tonnes by an individual exporter. The DGFT has also clarified that an exporter can be granted a registration certificate (RC) for a maximum 10,000 tonnes at a time. To obtain a second RC, the exporter would require to execute the export order and give to the DGFT all relevant details.

The May 14 circular has another factor that some find most embarrassing: penalty for an exporter who fails to execute an order within 30 days from the date of issuance of such certificate. According to the policy, the exporter would be liable to pay not less than Rs 10,000 and not more than five times the value of the goods, whichever is more.

The Indian Sugar Mills Association (Isma) said the latest DGFT order amounted to "complete reversal" of the logic behind the decision taken at a May 2 inter-ministerial meeting chaired by the prime minister, which freed export of quantitative and time restrictions — the need for release orders from the directorate of sugar was done away with. Instead of the release orders, the mills have to get registration and for a maximum of 10,000 tonnes.

"This is in total contradiction to the food ministry's May 11 notification, which did not put in place any such quantity or time restrictions," according to Isma director-general Abinash Verma. "Such a registration requirement and control, as ordered by the DGFT, will badly stall sugar export. There is almost no way now the mills would be able to clear cane arrears of a whopping Rs 10,000 crore."

One shipload of sugar requires at least 25,000 tonnes, which is not the quantity that one exporter would usually get. The DGFT's restriction proves unworkable, he claimed. "We, therefore, appeal for the immediate withdrawal of the DGFT notification and allow unrestricted sugar exports as per notification issued by the food ministry," Verma added.

Union agriculture minister Sharad Pawar has decided to take up the matter and find a solution.

[Back to Top]

India frees sugar exports, global prices fall

Mayank Bhardwaj and Ratnajyoti Dutta, Reuters

** Global prices could make exports unprofitable*
** Govt could reinstate limits if domestic supplies threatened*
** Committee to consider wider commodities export policy*

NEW DELHI, May 2:India has removed any limit on sugar export volumes for now, a government source said on Wednesday, adding pressure to global prices, but the world's second-biggest producer could reinstate restrictions later if domestic supplies are threatened.

Ministers met to try to sort out conflicting views on sugar and other agricultural exports from one of the world's biggest food producers.

Farm Minister Sharad Pawar, a powerful ally of the coalition government, had called for more sugar exports beyond the 3 million tonnes already approved for the year to September 30, while the food ministry had dithered on an allocation mechanism.

"Sugar exports have been freed, and there will not be any quantitative restriction, but we will stop it (exports) once it reaches a particular level," the government source told reporters on condition of anonymity.

The decision followed a series of policy flip-flops and delays to implementing overseas sales, which kept global markets on edge.

India took a similar line on wheat and rice exports late last year, removing restrictions on sales but tacitly eyeing a limit in case global demand threatened domestic supplies.

Raw sugar futures sank 1.77 percent to 20.58 cents a lb by 1628 GMT, close to a one-year low, pressured by the potential extra exports and by the start of the harvest in Brazil, the world's largest producer.

"The market does not need Indian export supplies, because the global market is in surplus," said James Kirkup, head of sugar brokerage at ABN AMRO Markets in London, adding that prices could fall enough to make it unprofitable for Indian mills to export.

The government remains anxious over supplies after having to import sugar following a severe drought in 2009, sending international prices spiralling upwards.

In the current year, production is expected to be 26 million tonnes and domestic demand around 22 million tonnes, the second year of a surplus.

"The decision has come due to adequate supplies in the domestic market as production exceeded demand in the last couple of seasons," said Harish Galipalli, head of commodities research at JRG Wealth Management.

"This a long awaited, positive step which will help the industry and farmers," said Narendra Murkumbi, managing director of Shree Renuka Sugars, the country's biggest sugar refiner which last week called for unrestricted exports.

Sugar mills, sitting on higher stocks than they need, owe 100 billion rupees ($1.9 billion) to farmers, Abinash Verma, director general of the Indian Sugar Mills Association, a producers' body, told Reuters on April 24.

The meeting of finance, food, farm and trade ministers with Prime Minister Manmohan Singh also agreed to set up a committee to agree on a long-term policy on grain exports. The issue has pitted Pawar, a champion of farmers, against the food ministry, which is concerned about domestic inflation.

Pawar has also clashed with Trade Minister Anand Sharma over cotton exports, but on Monday these too were freed.

[Back to Top]

US, EU cry foul over India's ban on cotton exports

Amiti Sen, Economic Times

April 18, 2012, NEW DELHI: India's ban on cotton exports has been questioned by US, EU and Canada at the World Trade Organisation, but India has said that its actions fully complied with multilateral trade rules that allowed temporary restrictions on imports.

The countries also raised concerns about the methodology used by India to classify marginal farmers and calculate domestic support to agriculture in a recent meeting of the WTO's committee on agriculture in Geneva.

India had imposed a ban on cotton exports on March 5 fearing a shortage in the domestic market, but lifted it on March 12 for export contracts that had been registered before the ban.

"India clarified that the ban on exports was only for a short period and exports of about 2 million bales of cotton registered with the government before the ban have been subsequently allowed," a government official told ET.

Indian officials also pointed out that the country had not bent any rules by banning cotton exports as temporary prohibitions or restrictions on exports to prevent or relieve critical shortages was allowed by the WTO.

US officials noted India's view that the restriction was in line with WTO rules, but said they were still not happy with the ban as the measure had an impact on the predictability and transparency of the market.

US and EU are among a few of the developed countries that have been trying to garner support for a global resolution to ban food export restrictions and limit taxation on food exports. Developing countries including India, China and Brazil opposed the resolution.

On the issue of the methodology used for calculating domestic support and classifying marginal farmers and error in data presented by India, a commerce department official said the department would re-look at the notification and hold consultations with other ministries and departments concerned.

US observed that some of the figures in India's notification do not correspond to the figures on the website that India cited in its reply in September, like, for instance, the definition of "marginal'' land holdings.

Canada and US also asked India to clarify use of the term "marginal" and the basis for labelling of producers as low-income, resource-poor, marginal, small/semi-medium/medium landholders, etc, for a better understanding of who were the targets of India's development programmes and fertiliser subsidies.

[Back to Top]

Millers tell govt to rethink ban on pulses export; seek long-term policy

BS Reporter

Also say pulses should be a part of the public distribution system

Chennai April 7, 2012: The central government's ban on export of pulses has affected the milling industry, say traders' bodies. They want export to be allowed with certain quantity restrictions.

"We have been demanding an opportunity to import raw pulses, which could be milled and re-exported. The milling industry, currently antiquated, will have a huge opportunity if the government allows this," said Anurag Tulshan, coordinator , eastern and northeastern region, India Pulses and Grains Association.

He was speaking to journalists after announcing the annual Global Pulses Convention 2012, to be organised by the International Pulse Trade and Industry Confederation (IPTIC) in Dubai from April 21 to 24.

The pulses' processing industry in India is a Rs 40,000-50,000 crore one, said Sudhakar Tomar, chair of communications and sponsorships at IPTIC. Mills process about 15 million tonnes (mt) of the annual 17 mt output. Another three-four mt are imported each year. The government stopped export three to four years earlier.

"While we are lagging, the food processing industry in countries like Sri Lanka and some African countries are booming. There is enough room for us to grow and we can also adapt newer scientific technologies and methods," said Tulshan.

The industry has also asked the government to include pulses in the Public Distribution System. It would be a boost for them; they argue it would also help better nutrition among the population.

The industry is also demanding the government bring a long-term policy to boost output and the processing industry.

IPTIC, in which IPGA is a member, is also lobbying to announce the year 2016 as the 'Year of Pulses'. It has support on this from the governments of India, Canada and Australia so far. It is expecting two more countries to approve the proposal, before it can be considered by the United Nations.

Output may dip this year

Pulses' production is expected to drop from 18.2 million tonnes last year to 17.5 mt in the season ending June, said Anurag Tulshan, coordinator, eastern and northeastern region, India Pulses and Grains Association.

Local prices are expected to remain stable for the near future. These have been stable after a spiralling in 2008-09. It has contributed negatively to inflation for some months.

However, the price of imported pulses are seeing growth of around 10 per cent due to strengthening of the rupee. India imports three-four million tonnes annually, of which 1.2-1.5 mt is from Canada, France, Russia and Ukraine, he said.

[Back to Top]

Ban on cotton exports to stay for a while: GoM

Business Standard Reporter

New Delhi April 10, 2012: A group of ministers on Monday decided to continue with the ban on cotton exports, even as the prohibition on outbound shipments had led to intense political pressure on the government.

“For the time being, there is no move to ease the export ban,” said a senior official who participated in the meeting on Monday.

Traders said this could also mean no more exports in the current crop marketing year, as supplies would start falling in the coming months. The cotton season runs from October to September.
Before the ban on fresh registrations was imposed, around 9.5 million bales of cotton had been shipped out of the country.

The official said fresh registrations for exports would continue to be suspended. The group of ministers, chaired by finance minister Pranab Mukherjee, comprises agriculture minister Sharad Pawar and commerce, industry and textiles minister Anand Sharma.

The government had banned exports of cotton on March 5, but relaxed it partially within a week, following political pressure, both from within the United Progressive Alliance, as well as Gujarat chief minister Narendra Modi. Following this, farmers had resorted to agitation in some parts of the country.

The government then allowed exports of those quantities which had already been registered with the Directorate General of Foreign Trade, subject to revalidation by authorities.

The meeting of the panel of ministries on Monday reviewed the demand-supply situation in cotton and also whether more exports could be allowed. The commerce ministry felt allowing fresh exports would harm the interests of domestic mills. The agriculture ministry, however, said more exports could be allowed, as domestic production, at 34.08 million bales, was four per cent more than last year’s.

Last week, as an interim measure, the textiles ministry had directed state-run Cotton Corporation of India (CCI) to build a 2.5-million bales cotton reserve this season to ensure the smooth supply of the raw-material to cash-starved textile mills.

To build the reserve, CCI would start procuring around a million bales at market rates from April. The purchase and the subsequent storage are expected to cost the government an additional subsidy of about Rs 4,000 crore.

Currently, cotton prices stand at about Rs 4,000 a quintal, higher than the government’s minimum support price of Rs 3,100 a quintal. Output in the 2011-12 season is estimated at a record 34 million bales, with consumption at 21.6 million bales.

Meanwhile, cotton exporters whose registration certificates are being revalidated by the commerce ministry, allege a deliberate attempt to single out exporters with business operations abroad. Of the total 1.8 million bales of cotton sent for revalidation, just 500,000 bales had been cleared till Wednesday.

[Back to Top]

Govt partially withdraws cotton export ban

BS Reporter

Allows outbound shipment of only those consignments that have already been registered

New Delhi Mar 13, 2012: Maintaining that ballooning cotton exports were used for stockpiling abroad, the commerce ministry today gave a partial relief to exporters by allowing outbound shipment of only those consignments that were already registered, and, only after revalidation of certificates.

No fresh registration certificates (RCs) would be issued till further orders, a much-awaited notification by the Directorate General of Foreign Trade (DGFT) said. But, the decision would be reviewed by a Group of Ministers, comprising of Finance Minister Pranab Mukherjee, Agriculture Minister Sharad Pawar and Minister for Commerce, Industry and Textiles Anand Sharma, within the next two weeks.

Sharma met MPs from Maharashtra, Gujarat and Andhra Pradesh to apprise them of the decision.

Of the total registration of 13 million bales (one bale weighs 170 kg) before the ban, 3.5 million bales are yet to be shipped. These will be revalidated, commerce secretary Rahul Khullar told reporters here.

“No new RCs will be issued until the exercise (of revalidation) gets completed, which means till we sort out what is going to be done with those 3.5 million bales,” he added.
Exporters fear that in the name of revalidation of certificates, scrutiny could be done about trade to sister-concerns abroad by companies operating in India.

India is the world’s second-largest cotton producer and its biggest customer is China.

“There was clear information that more than 85 per cent of actual shipments are going to China and there was also evidence of stockpiling abroad. On the back of this, the ban was imposed,” Khullar said.

Khullar said exports had already hit record levels of 9.5 million bales in just two weeks.

“There was madness to export, which could be seen from the fact that the RCs for export of 7.2 million bales were issued in January and February alone,” he added.

“Scrutiny and revalidation is to make sure there is no fictitious transaction,” he said. The parameters to check the veracity of RCs would be decided by the commerce and textile ministries.

Early last week, the textile ministry had said the ban was imposed after taking into account the trend of domestic consumption and depletion of domestic availability.

The commerce ministry had banned cotton exports suddenly on March 5 and announced lifting of the restriction yesterday after severe criticism from Pawar, who opposed the move and requested Prime Minister Manmohan Singh to revoke the ban. A statement issued by the commerce ministry said the first priority would be given to those consignments handed over to the Customs department.

[Back to Top]

India to take up import restrictions with Argentina: Khullar

PTI

New Delhi, March 9, 2012: India will take up with Argentina the import restrictions imposed by it, as they have implications on the country's shipments to the Latin American nation, a top Commerce Ministry official said.

The Argentinian government in February imposed trade restrictions under which importers will have to take government's permission before importing any product from any country, including India.
"That is being taken up. They have imposed some blanket type of restrictions on all imports. We are looking at whether we have to see its legality vis-a-vis WTO obligations," Commerce Secretary Rahul Khullar told reporters here.

Federation of Indian Export Organisations (Fieo) President Rafeeq Ahmed said that this move would impact bilateral trade.

Ahmed said under WTO norms, a country can take such a step on the ground of collecting data or traceability of imports, but the respective government has to give its permission within a specified time period.

"However, the Argentinian government is taking a long time to give its permission ... Indian exporters have complained that their consignments have come to a standstill and they are stranded with huge stock of goods produced specially for that country with logo of buyers - so cannot sell elsewhere. Our buyers are very keen to buy, but not getting permission," he added.

In 2010-11, India's exports to the Latin American country stood at USD 398 million, imports were aggregated at USD 1.02 billion.

India mainly exports chemicals, machinery, auto parts, plastics, pharmaceutical and iron and steel to Argentina.

[Back to Top]

Govt says will review cotton export ban

Sanjay Jog & Sanjeeb Mukherjee, Business Standard

Mumbai/ New Delhi Mar 07, 2012: Amid severe opposition, the government on Tuesday called a Group of Ministers' (GoM) meeting on Friday to review the decision to ban cotton export barely a day after it was effected. "The GoM will take into account all the views on this ban and take an appropriate decision," textiles secretary Kiran Dhingra said.

Dhingra said the textiles ministry was of the view that given the sudden surge in export registrations, the ban was necessary or else the country would not have enough cotton to run its mills till October. Earlier, farmers in parts of Maharashtra and Andhra Pradesh were reported to have resorted to distress sale of cotton on Tuesday. Union Agriculture Minister Sharad Pawar said the decision was wrong, taken without asking him and must be revoked.

In some places, farmers were said to have sold at Rs 2,500-3,000 a quintal, far below the government's minimum support price of Rs 3,300 a qtl for the long-staple variety. Against this backdrop, the Cotton Corporation of India (CCI) started direct procurement in Andhra Pradesh and issued instructions to officials to do it in Maharashtra if the prices of average quality cotton slipped below the MSP. Nearly 1,000 ginning mills in Gujarat would observe a two-day bandh from Wednesday in protest against the ban, news agency PTI reported.

Pawar said he took serious objection to the ban decision and had written to the Prime Minister. Pawar, head of the the Nationalist Congress Party, part of the ruling coalition, told Business Standard, "I was not consulted by the commerce ministry. I was kept in the dark on the issue. I came to know about this only after a notification was issued by DGFT (the directoate-general of foreign trade) yesterday. Such a decision, which would impact lakhs of farmers, should have been taken after proper consultations, either in the Cabinet Committee on Economic Affairs or the Cabinet Committee on Prices, like it is done in the case of wheat and sugar."

Pawar said the decision was harmful, as growers in Gujarat, Andhra Pradesh and Madhya Pradesh were in great distress, with traders having stopped buying from them after the decision. "Now the issue is in the Prime Minister's court," he said.

Gujarat Chief Minister Narendra Modi (from the opposition Bharatiya Janata Party) also sent a letter to the PM. Modi said he was shocked and the decision would be disastrous for farmers.

N P Hirani, Chairman, The Maharashtra State Cooperative Cotton Growers' Marketing Federation, said the Centre needed to immediately lift the ban in the larger interest of growers. "As per the estimates by the Cotton Advisory Board, the country will have production of 34.5 million bales (a bale is 170 kg), against the demand for 24 million bales, in 2011-12. Therefore, export of 10.5 million bales after meeting the country's requirement is possible, which will benefit farmers in particular," he said.

Shirish Shah, Partner, Bhaidas Cursondas & Co, said the ban was harmful for farmers, traders, ginners and spinners. "It should be lifted forthwith. At the same time, the Centre should allow export of 3.3 million bales already registered for export. Besides this, the registration of (another) 0.3 million bales has been contracted but not registered for export," he said.

Bhadresh Mehta, Additional Vice-President, Cotton Association of India, said farmers were expected to incur a total loss of Rs 2,500 crore from the decision. "The decision is a lose-lose situation for farmers, traders, ginners and spinners.

The government needs to come to the rescue of farmers on the lines of the Chinese government, which has increased its cotton support price by three per cent," he said.
“In mid-February, when a Committee of Secretaries (CoS) reviewed the export scenario, 8.3 million bales of cotton had been shipped out of the country, while registrations were for 10 million bales,” said Dhingra.

However, by early March, when the CoS again met, the registrations had surged to 12.5 million bales, which meant exporters had some inkling the government might clamp down on exports and started applying heavily for registration.

“We were already in a bad situation as the shipped quantity of cotton would pull down the carry-over stocks for the 2012-2013 season to 3.6 million bales against a requirement of five million bales,” Dhingra explained.

[Back to Top]

US challenges India poultry ban at WTO

Reuters

Washington, Mar 07, 2012: The United States on Tuesday began action at the World Trade Organisation (WTO) to open India's market for poultry meant and eggs, saying an Indian ban on US imports intended to stop the spread of bird flu was not based on sound science.

"The United States is the world's leader in agricultural safety and we are confident that the WTO will confirm that India's ban is unjustified," US Trade Representative Ron Kirk said in a statement on the US request for consultations.

India's ban in the name of protecting local poultry producers from losses caused by avian influenza is "clearly a case of disguising trade restrictions by invoking unjustified animal health concerns," Kirk said.

The US poultry industry welcomed the move, which they said could pry open a market for US poultry exports conservatively valued at more than $300 million.

"In our view, India's posture is thinly guised protectionism," Jim Sumner, president of the US Poultry and Egg Export Council, said in a statement.

"More than 100 countries enjoy chicken imported from the United States. As the middle class in India continues to expand, and the market moves more toward commercial poultry, the United States should be afforded the opportunity to compete fairly with our products in this growing market," Mike Brown, president of the National Chicken Council, added.

US officials said international scientific standards for controlling avian influenza do not support banning imports due to low pathogenic avian influenza, which is the only type detected in the United States since 2004.

The United States is the world's largest broiler meat producer and second largest exporter, behind Brazil.

India's broiler meat consumption has risen from 2.23 million metric tonne in 2007 to a projected 2.75 million this year, according to a US Agriculture Department report.

India is forecast to produce about 2.70 million metric tons of broiler meat this year, providing some opportunity for imports, the Agriculture Department report showed.

Consultations are the first step in the WTO dispute settlement process and parties are encouraged to agree to a solution at this stage. If the matter is not resolved through consultations, the United States may request the establishment of a WTO dispute settlement panel.

Litigation at the WTO can take one to two years to conclude.

[Back to Top]

India extends ban on milk imports from Chinese

PTI

26 Dec, 2011, NEW DELHI: India has extended ban on import of milk and its products from China for another six months, according to the foreign trade office.

The ban was in effect till December 24. "Prohibition on import of milk and milk products (including chocolates and chocolate products and candies/ confectionery/ food preparations with milk or milk solids as an ingredient) from China is further extended till 24.6.2012 or until further orders, whichever is earlier," Directorate General of Foreign Trade (DGFT) said in a notification.

Imports of milk and milk products from China have been prohibited since September 2008.

Though the DGFT has not cited any reason for the ban, it is understood it was over fears of Chinese milk containing melamine, a deadly chemical, a source said.

[Back to Top]

US, EU seek to ban countries from imposing restrictions on food export, limit taxation on exports

Amiti Sen, Economic Times

Nov 21, 2011,NEW DELHI: Rich nations are likely to seek a ban on food export curbs as part of a solution to the global food crisis, a move India vows to fight vehemently.

Developed countries, including the US and the EU, are likely to move the proposal, which also calls for eliminating import duties on so-called environment products, at the World Trade Organization ministerial in December in Geneva.

India tightly controls food exports to ensure adequate domestic availability. "It is unacceptable to India and a number of developing countries, and we will put up a joint front at the ministerial meeting," a government official told ET.

The final declaration of the G20 Cannes Summit earlier this month encouraged the adoption of a declaration at the upcoming WTO ministerial to remove food export restrictions, including extraordinary taxes, for food purchased for non-commercial humani- tarian purposes by the UN's World Food Programme.

"Although the G20 named the United Nations as the agency which should be allowed to import food without restrictions, developing countries should not be allowed to take on such commitments as they have to feed their own people as well," the official said.

India's farm export are meager and often subject to price and quantity restrictions. In case of grain, despite sitting on huge stocks, New Delhi has been reluctant to allow exports fearing it will exacerbate food inflation, already running into double digits.

Restraining developing countries from imposing curbs on food exports could create considerable political problems as it could deprive locals from getting adequate supplies at reasonable prices, said Abhijit Das, head, Centre for WTO Studies. "We did export to Africa and Bangladesh last year on humanitarian grounds when the global food situation was not good. But it should not be binding on us," he said.

Experts see a bigger agenda in bringing food on the discussion table. Food is an emotive issue and the developed countries are using it to build grounds for a similar regime of export restrictions in case of natural resources like coal and metals and minerals to corner China, a trade expert from a Delhi-based think-tank said.

A recent report by UN Special Rapporteur on the Right to Food Olivier De Schutter warns against "face-saving, short-term solutions" aimed at hauling Doha over the line. Instead, we should grasp the opportunity to ask what kind of trade rules will allow us to combat food insecurity and realise the human right to food, it said.

A government official said India will also oppose the resolution pushing for eliminate import duties on environment-friendly products.

India is hopeful that influential countries, including China and Brazil, will fight attempts to arm-twist developing countries into agreeing to include new issues outside the agenda of the ongoing global trade talks of the WTO.

[Back to Top]

Anand Sharma welcomes Australian Decision to Reverse Ban on Uranium to India

Ministry of Commerce Press Release

17 Nov 2011, New Delhi: The Union Minister of Commerce, Industry and Textiles Shri Anand Sharma has welcomed the Australian decision of reversing its ban on selling uranium to India. In a meeting with Mr. Barry O'Farrell the Premier of New South Wales, Australia, Shri Sharma said this decision will be welcomed all around and is in line with the strategic nature of the relationship between the two countries.

Shri Sharma further mentioned that India is going through a decade of innovation and for this purpose, India has institutional linkages with Germany, Switzerland and U.K. in the sectors of agriculture, pharmaceuticals and precision engineering. India and Australia have huge potential in collaborating in this area . Shri Sharma recalled his meeting with Senator Kim Carr, Australia's Minister for Technology where both sides expressed willingness to collaborate in the fields of bio technology, Automobile sector ICT and mines.

Minister Sharma raised the concerns regarding pharmaceutical exports from India to Australia require approvals from Therapeutic Goods Administration (TGA). The TGA approval process is a long drawn out and expensive process. There is no recognition or concession to Indian companies who have FDA approval or GMP certificate, which allows a faster process. Minister suggested that using the services of Australian professionals to draw out a standard which when followed by the Indian companies would result in obtaining permission to export their medicines to Australia. This would only help in improving the standards of our industry as well as make it easier for Indian companies to enter the Australian market which is very lucrative for the pharmaceutical sector of India.

Bilateral Trade between India and Australia in 2010 has been US $ 13.708 billion. Total trade between January to August 2011 has been US $ 9.351 billion. India is engaged with Australia in negotiations Comprehensive Economic Cooperation Agreement. Shri Sharma emphasized that both sides must aim for concluding the agreement latest by middle of 2012.

[Back to Top]

CMs Oppose Govt Move To Control Prices By Export Bans

Hindustan Times

NEW DELHI, Oct. 23 -- The UPA government's strategy to control domestic prices through ban on exports opposed by both the Congress and opposition chief ministers at the National Development Council meeting here on Friday.

Maharashtra's Congress chief minister Prithviraj Chavan and Gujarat CM Narendra Modi raised concerns on previous export bans and asked the Centre not to impose them in future as it affects the prospects of the domicile farmers.

While Modi slammed the central government for its cotton ban claiming it resulted in a loss of R7000 crore, Chavan was concerned over the ban on onion and sugar exports.

The government is allowing restricted export of these commodities but the observation of the two CMs came two days after an empowered group of ministers (EGoM) was cancelled due to differences between agriculture and food ministry over further easing of export restrictions.

Expressing his displeasure over the strategy to ban export of sugar and onion, Chavan told HT, "There is no quantitative restriction in imports under the WTO regime. Why should there be a ban on exports?" The Maharashtra CM said he was not opposed to putting higher duties on exports but a "blanket ban spoils our credibility and overseas marker for Indian commodities."

He also said, "Onion growers get higher returns only during a small period in an year. We need to protect both consumers and producers' interest."

[Back to Top]

Govt may lift ban on onion export

The Pioneer

Mumbai, Sept. 18 -- Under mounting pressure from the agitating onion growers and various political parties in Maharashtra, the UPA Government is likely to reconsider its decision to impose a ban on the onion exports on Tuesday.

During his visit to the city on Saturday, Union Finance Minister Pranab Mukherjee assured Chief Minister Prithviraj Chavan and his deputy Ajit Pawar that Empowered Group of Ministers, headed by him, would discuss the situation arising out of the Centre's decision to ban the onion exports, at its meeting is scheduled for Tuesday. "We will take an appropriate decision on that day," the Minister reportedly assured Chavan and Pawar.

Mukherjee, who was in the city for a meeting with Chief Ministers in the west zone States, took stock of the situation pertaining to onion, sugarcane and cotton crops in the State, at a meeting he had with Chavan, Pawar, Ministers and senior bureaucrats of various departments concerned. Among the crops, he discussed at length the issue of farmers affected by the Centre's ban on onion exports.

On a day when reports from the maximum onion growing district suggested that nearly 40 per cent of the total 9 lakh onion stored in various godowns had begun to rot, Chavan and Pawar urged the Finance Minister once again to lift the ban on exports of the perishable commodity.

Saturday's was the second occasion in the last three days, when the ruling politicians in the state made a detailed presentation before the Union Finance Minister and stressed on the need for lifting the ban on onion exports without any further delay.

Earlier on Wednesday, the State's ruling DF Ministers had met Mukherjee, Union Agriculture Minister Sharad Pawar, Energy Minister Sushil Kumar Shinde, Commerce and Industry Minister Anand Sharma and Food Supplies and Public Distribution Minister of State(Independent Charge) KV Thomas in the capital and made a strong case for withdrawal of the onion exports ban.

Chavan told the Union Minister that lifting the ban on onion exports was the only way to ensure remunerative to the farmers for their produce during the rabi season.

Meanwhile, the agitation of onion growers entered the ninth day on Saturday. As many as 14 wholesale onion markets continued to remain closed in Nashik district, which alone contributes to over 60 per cent of total onion produced in Maharashtra.

[Back to Top]

No blanket ban by EU on ayurvedic medicines: Azad

PTI

New Delhi, August 02: The European Union has not imposed any blanket ban on Ayurvedic medicines. It has, however, formulated a directive on traditional herbal medicinal products (THMPD), which has restrictive impact on India's exports of herbal medicinal products to EU, Health Minister Ghulam Nabi Azad said in the Rajya Sabha today.

In reply to a written question, the minister said Ayurvedic products are currently exported as dietary supplements, for which as of now, there is no registration requirement in most of the countries.

However, some countries require notification of such products. Many products have been notified in different countries (Italy, Belgium, Finland and others) by some Indian companies, he said.

The minister said India has been doing bilateral consultation with the European Union on Traditional Herbal Medicinal Products Directive since 2004 and has raised its concerns on this issue in the Technical Barriers to Trade (TBT) Committee of the WTO.

[Back to Top]

India to raise its concerns over Argentina's import restrictions bilaterally

Amiti Sen, Economic Times

April 30, 2012, NEW DELHI: India has decided to raise its concerns over Argentina's recent import restrictions bilaterally, instead of joining the US and European Union who have taken the country to the World Trade Organization.

The government has asked the Indian embassy in Buenos Aires to arrange a meeting soon with Argentine authorities. This follows discussions between senior commerce department officials and Argentina's ambassador in Delhi.

"The import restrictions, imposed in the form of import licenses and extensive paper work, is so onerous that it has become almost impossible for exporters to send their shipments to the country," a commerce department official told ET. "We cannot leave it on Argentina to settle the problem but have to step in and handle the matter urgently."

The official, however, said India has refused to be part of a group of nations that strongly criticised Argentina's import restrictions at the WTO last month. The group, which includes the US, the EU, Japan and 10 other countries, has accused Argentina of tying up its imports in red tape.

"We did not want to embarrass the country by joining hands with main players of the developed world. But that does not mean that we are going to let the matter rest as it has huge implications for future exports," the official said.

Argentina applied the import restrictions in February in response to a sharp dip in its exportable surplus last year.

The country is an important destination for Indian exporters who are looking at ways to diversify beyond the traditional markets of the EU and the US, especially in the backdrop of the uncertainty gripping the developed world. The government, too, is helping in the initiative by giving incentives under the 'focus market and focus product' schemes.

India's merchandise exports to Argentina were $400 million (about Rs 2,100 crore at current rates) in 2010-11. Although it was just 0.16% of the country's total exports in that year, it posted a jump of 47.5%.

But exporters are apprehensive of a dip in figures now because of the new import norms. They are not able to ship consignments for which orders were placed earlier by Argentine importers, who are not able to obtain import licences under the new rules.

"Exports have been hit badly over the last few months. Importers from the country want to buy from us, but are unable to do so as it has become very difficult to obtain import licences after the restrictions were imposed," said Rafeeque Ahmed, president, Fieo.

This has come as a rude shock for exporters from a number of sectors such as commodities, handicraft, leather products and light engineering goods who were slowly and steadily establishing a foothold in the market.

"We have discussed it with the government and are hopeful that something would be done soon," Ahmed said.

The government, at present, is not looking at the WTO path at all to sort out the issue, the official quoted earlier said. "We are hopeful that we will get results through our bilateral consultations. If we don't, then we will plan our future course of action," the official said.

[Back to Top]

Govt lifts restrictions on cotton exports

PTI

New Delhi, July 31: Amid abundant availability and a crash in prices, the government today removed restrictions on the export of cotton and permitted shipments under open general licences (OGL) for the remainder of the current season.

The cotton season runs from October to September. Cotton exports for the remaining two months (August and September) have now been put under OGL, Commerce Secretary Rahul Khullar told PTI.

"Now, exporters only have to register with the Directorate General of Foreign Trade (DGFT)," he said.

The issue came in for review at a meeting of secretaries in the ministries of commerce, textiles and agriculture, convened by Commerce and Industry Minister Anand Sharma here last week.

In October last year, the government had capped cotton exports at 55 lakh bales (170 kg each) to protect the domestic textiles industry in the face of rising raw material prices. An additional 10 lakh bales were permitted for export in June, after prices had corrected sharply.

Prices have declined to about Rs 31,000 per candy (356 kg) now from the peak of Rs 62,500 per candy in March-end.

The restrictions on cotton yarn were removed from April 1, after the manufacturers found themselves saddled with big inventories following the curbs on exports.

Besides the changing dynamics in the market, administering the restriction has proven to be "a big headache" for the Commerce Ministry, especially after the recent allocation of 10 lakh bales, as some exporters have taken the issue to different courts, sources told PTI.

They said it was in this context that Sharma reviewed the situation with the three secretaries on the weekend.

According to the estimates of the Cotton Advisory Board (CAB), the cotton surplus at the end of the current season would be 52.5 lakh bales on account of lower industry demand. In February, the CAB had estimated it at 27.5 lakh bales.

Likewise, the projection for domestic consumption of cotton this season has been lowered to 236 lakh bales, as against the earlier estimate of 265 lakh bales, on account of high inventories.

The cotton production projection, however, has been increased to 325 lakh bales for the current season.

[Back to Top]