



# AGRI EXPORT ADVANTAGE



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## India's Agri-export Performance – A review

Agriculture is known as the backbone of Indian economy accounting for 14.6% of the country's Gross Domestic Product (GDP) in 2009-10, and 10.23% (provisional) of the total exports. The sector provides employment to over 55% of the work force.

India's exports of agricultural and floricultural products, fruits and vegetables, animal products and processed food products were valued US\$ 8.0 billion in 2009-10, a decline by 3.3% from the level of US\$ 8.2 billion in 2008-09, which was 13.88% higher as compared to agriexports in 2007-08 (US\$ 7.11).

According to APEDA, India's agri-export turnover is expected to double in the next five years, to reach US\$ 18 billion.

At present, around 70% of the country's agricultural and processed food exports are to developing countries in the Middle East, Asia, Africa and South America.

### Investments

According to the Annual Report 2009-10 of the Ministry of Agriculture, the public and private sector investment in agriculture have been steadily increasing since 2004-05. While public sector investments in agriculture have increased from US\$ 3.61 billion in 2004-05 to US\$ 5.5 billion in 2008-09, private sector investment has increased from US\$ 14 billion in 2004-05 to US\$ 25.5 billion in 2008-09.

The flow of FDI in the food processing sector upto June 2010 stood at US\$ 1,067 million, and in agriculture services sector at US\$ 1,507 million.

### Current Trends

Seed companies in India have been targeting the export markets in SAARC (South Asian Association for Regional Cooperation) and African countries with a host of hybrid seeds and best farm practices. Indian agro-based companies are also investing increasingly in agricultural lands in south-east Asia and African countries in food and fuel crops.

### Agri-exports from India

(US\$ million)

Commodity	2008-09	2009-10(P)	%Growth	%Share
<b>Plantation Crops</b>	<b>1,081.77</b>	<b>1,053.18</b>	<b>-2.64</b>	<b>0.59</b>
Tea	585.42	623.24	6.46	0.35
Coffee	496.34	429.94	-13.38	0.24
<b>Agri &amp; Allied Products</b>	<b>14,528.10</b>	<b>12,627.51</b>	<b>-13.08</b>	<b>7.07</b>
<i>Cereal</i>	3,344.62	2,997.97	-10.36	1.68
Rice	2,454.09	2,365.46	-3.61	1.32
Wheat	0.3	0	-99.74	0
Others	890.23	632.52	-28.95	0.35
Pulses	117.68	86.75	-26.28	0.05
Tobacco	751.09	916.27	21.99	0.51
<b>Unmanufactured</b>	<b>600.79</b>	<b>763.29</b>	<b>27.05</b>	<b>0.43</b>
<b>Manufactured</b>	<b>150.29</b>	<b>152.98</b>	<b>1.79</b>	<b>0.09</b>
Spices	1,391.62	1,302.42	-6.41	0.73
Nuts & Seeds	1,269.85	1,221.28	-3.82	0.68
Cashew incl. CSNL	645.82	597.29	-7.52	0.33
Sesame & Niger seed	347.89	321.87	-7.48	0.18
Ground nut	276.14	302.12	9.41	0.17
Oil Meals	2,251.63	1,662.59	-26.16	0.93
Guar gum Meal	294.18	240.6	-18.21	0.13
Castor Oil	481.75	461.26	-4.25	0.26
Shellac	22.92	15.11	-34.06	0.01
Sugar & Molasses	1,056.70	27.32	-97.41	0.02
Processed Foods	1,824.93	1,978.56	8.42	1.11
Fresh Fruits & Vegetables	951.53	1,093.45	14.92	0.61
Fruits/Vegetable seeds	26.17	30.61	16.94	0.02
<b>Processed &amp; misc processed items</b>	<b>847.23</b>	<b>854.5</b>	<b>0.86</b>	<b>0.48</b>
Meat & Preparations	1,173.34	1,332.39	13.55	0.75
Poultry & Dairy Products	346.61	194.73	-43.82	0.11
Floriculture Products	80.93	61.85	-23.58	0.03
Spirit & Beverages	120.24	128.39	6.78	0.07
Marine Products	1,534.39	2,093.38	36.43	1.17

Source: DGCIIS



## Outlook- Fisheries & Fishery Products

According to FAO, world production of fish products is forecast to increase marginally due to slowdown in consumer demand and a series of supply constraints. In 2009, the production of fish products grew by only 1% from 142.3 million tonnes in 2008 to 143.7 million tonnes. The gain in production is largely attributed to the aquaculture industry, despite severe setbacks incurred by the industry due to diseases attacks, such as salmon diseases, which resulted in 50% reduction in Atlantic salmon output in Chile in 2009.

The share of aquaculture in world fish production is estimated to have increased from 36.9% in 2008 to 37.5% in 2009. Further production inroads are expected from the sub-sectors of the industry in 2010. The economic downturn have been estimated to have had a marginal negative effect on the volume of fish traded internationally in 2009, which fell down to 52.5 million tonnes (live weight). However, the contraction was more pronounced in value terms, which was in the order of 8 percent, to an estimated USD 94.5 billion, as prices declined and import demand shifted towards less expensive species.

With the exception of Viet Nam, most fish exporters suffered a contraction in fish export earnings in 2009, in particular, Canada, Chile, Ecuador, India, the Russia and the USA. The value of fish imports also declined in 2009 in the major fish importing countries, such as the EU, Japan, Mexico, the Russia and the USA.

Based on the latest FAO Fish Price Index, prices of fish and fish products weakened in late 2008 and early 2009, reaching their lowest in March 2009. However, some increases in prices have been observed during the early 2010 for certain species, such as shrimp, Tuna, and salmon. Despite the high degree of substitution in processed products, the fisheries sector remains heterogeneous with considerable diverse price patterns for different species and origins of fishes. A strengthening of prices of certain aquaculture products, such as shrimp in early 2010 mostly reflected shrinking supplies, as producers adjusted to the weak demand in 2008 and 2009 by cutting production. In the case of Atlantic salmon, disease problems have constrained supply, also leading to price rises.

### *Shrimp*

World production of farmed shrimp declined in 2009 (3.2 million tonnes), which was estimated at 70,000 tonnes less than in 2008. Much of the contraction was on account of Indonesia and Viet Nam, while China and Thailand reported output increases. During the review period, in USA, the domestic shrimp prices

remained at sustained levels due to low inventories, and recovery in consumer spending. The volume of shrimp trade was stable in 2009, due to strong import demand in the European market and in Japan. Despite the economic recession in the EU, Spain, which continues to be the largest EU shrimp market, is estimated to have maintained its imports in 2009 to earlier levels to around 160,000 tonnes. Shrimp imports to Japan also increased during 2009, reflecting a rapid expansion of domestic demand in the country.

During 2009, Thailand was the leading supplier of shrimps, followed by Viet Nam, and Indonesia. Viet Nam increased its shrimp exports by around 7.4% during the period mainly due to increase in sales in vannamei shrimps. Black tiger shrimp represented 75% of total value of international shrimp exports during 2009.

### *Tuna*

Compared to 2008, Tuna prices were on average US\$ 550 per tonne lower during 2009, which was around US\$ 1,000 per tonne. Good Tuna catches in early 2010 in the Indian Ocean, and in the Western and Central Pacific Ocean, combined with full cold storages in Thailand brought down the price of skipjack in Bangkok, the leading Tuna processor from US\$ 1,100 per tonne to US\$ 900 per tonne. Consumption of canned Tuna in all markets increased during the year. The performance of the sashimi sector, on the contrary, was characterized by lower restaurant trade, resulting in a depressed market for top quality sashimi Tuna. In the USA, fresh sashimi consumption declined sharply. In Japan, the purchase of sashimi Tuna moved from restaurants to supermarkets, where lower-end products were marketed. As a result, farmed bluefin Tuna from Australia, Mexico and from the Mediterranean found a good market in Japan.

### *Groundfish*

In 2009, groundfish resources showed good signs of recovery, after several bleak years. The one major exception to this trend was the Alaskan groundfish fishery, where fishing quota has been slashed by 45% over the last five years. Good supply to all major markets, combined with the current economic crisis, led to declining prices. In 2010, even better groundfish catches are expected, and prices are not likely to increase in coming months of the year.

### *Cephalopods*

In 2009, the squid catch has been very low in Argentina and

Peru, two leading global suppliers of squids. Peruvian catches of giant squids declined by 24% to 405,700 tonnes in 2009, compared to 2008. Similar trend is projected to continue for 2010. Despite limited supply, international prices remained depressed in 2009 and early 2010, which was further constrained by difficult economic situations in major importing countries, especially Spain. Squid imports in Japan declined by 13% to 59,100 tonnes in 2009, following good domestic production. China continues to be the main supplier of squids, re-exporting in part processed products sourced from Peru and the USA.

Octopus catches in West Africa, has been low during the review period. The late start of the biological rest period will result in fewer octopus products available in the international markets in the summer months, which may result in increase in prices around mid-year of 2010.

#### *Tilapia*

Production of tilapia has been expanding in both Asia and Latin America, while it is declining in Africa, despite the fact that tilapia is indigenous to Africa. After attaining a record price during 2008, the prices of tilapia has declined in 2009 due to expansion of world production. China continues to be the main tilapia producing country, Tilapia exports from China grew by 15% in 2009 to 259,000 tonnes, compared to 2008. However, the unit value declined by a 16% to US\$ 2.75 per kg. As a result, total export earnings for Chinese tilapia declined marginally in 2009. USA, the world's main importer of tilapia, imported a record 183,400 tonnes in 2009, of which more than 70% was supplied by China.

#### *Pangasius*

Viet Nam dominates global pangasius production. Viet Nam's pangasius production is expected to grow further in 2010 due to increased investments, which however, may create downward pressure on the prices. To make further inroads in world markets, Viet Nam is introducing the Global Good Aquaculture Practices (GAP) standard. The country's pangasius exports fell by 5% in 2009 to 608,000 tonnes, with the largest destinations being the EU, the USA and the Russia. EU's pangasius imports have increased significantly, from 20,000 tonnes in 2004 to 215,800 tonnes in 2009. Spain is by far the largest EU importer. Other leading importers are Egypt, Mexico, Russia, Ukraine and USA.

#### *Salmon*

There has been an overall negative impact on the salmon market due to low supply from Chile as result of disease. In addition, Norway's 2010 production of salmon has been negatively impacted by a harsh winter. According to the forecast by FAO,

the supply situation for salmon is projected to stabilize only by 2011 or 2012, when Chile overcomes completely of the disease problem. Norway had record exports of salmon in 2009. The main import destinations have been EU. Other major destinations were Japan, Russia, and USA.

#### *Fishmeal*

Fishmeal production has declined in all main producing countries in 2009 and is expected to decrease further in 2010. According to the FAO, the main reasons affecting the global fishmeal production has been the lower fishing quota in Peru, and the earthquake in Chile, which has caused considerable disruption with an estimated reduction in production of 200,000 tonnes. However, demand for fishmeal is projected to remain strong, especially in China, which is likely to lead to higher prices of fishmeal.

#### *In Sum*

Under current prospects for a slow recovery of world demand, post economic recession, fish trade is expected to grow to 52.8 million tonnes in 2010, while, in value terms, it may bounce back by 7% and surpass the US\$ 100 billion mark.

#### **World fish market summary**

	2008	2009 estim.	2010 f'cast	Change 2010 Over 2009
WORLD BALANCE	<i>million tonnes</i>			%
Production	142.3	143.7	145.3	1.1
Capture fisheries	89.7	89.7	89.6	-0.1
Aquaculture	52.5	54.0	55.7	3.1
Trade value (exports US\$ billions)	102.2	94.5	101.0	6.9
Trade volume (live weight)	52.9	52.5	52.8	0.6
Total utilization				
Food	115.2	116.7	118.3	1.4
Feed	20.2	20.0	19.9	-0.5
Other uses	6.9	7.0	7.1	1.4
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption				
Food fish (kg/year)	17.1	17.1	17.1	0.2
From capture fisheries (kg/year)	9.3	9.2	9.1	-1.3
From aquaculture (kg/year)	7.8	7.9	8.1	1.9
Fish price index (2002-2004 = 100)	124	115	115	-0.5

Source: FAO

## The EU Market for Natural Colours, Flavours and Thickeners

The EU has a large food industry and plays a very important role in the global natural colours, flavours and thickeners market. The EU market for flavours (natural and synthetic) was estimated to amount to approximately Euro 1.5 billion in 2009. The market for essential oils accounted for approximately 10% (Euro 150 million) of the total market for flavours, while aroma chemicals (e.g. synthetic menthol) accounted for approximately 15%, and flavour compositions for 75%. The leading markets for natural flavours in the EU are the UK, Germany, France, Italy and Spain, which also have large food industries. The EU market for natural colours was estimated at Euro 100 million in 2008, which comprises 30% of the total EU colours market. Natural colours compete with nature-identical and synthetic colours. The leading markets for natural colours in the EU are the UK, Germany, France, Italy and Spain. The market for natural food colours is estimated to increase by approximately 10% annually.

The EU market for thickeners (hydrocolloids), amounted to approximately Euro 0.9 billion in 2008. EU demand for

hydrocolloids increased at around 1.5% annually. In the next 5 years, growth is expected to reach 3% annually. However, the growth does not apply to all hydrocolloids. The highest growth rates have been observed for carrageenan, pectins and xanthan gum.

### Market Segmentation

Demand for natural colours, flavours and thickeners, as opposed to synthetic products, is notably higher in the more developed food industries in Western Europe.

Food colours and flavours (natural and synthetic) have many different applications, mainly in all the segments of food industry. Most of the colours and flavours are used in soft drinks, confectionery, and in processed meat and savoury. Natural colours and flavours are used considerably in the dairy products. The dairy segment is estimated to be the leading application for natural colours. The dairy industry uses particularly large amounts of annatto and turmeric for cheeses and several other products.

### Leading market segments for colours, flavours, and thickeners

Colours		Flavours		Thickener (Starch)		Thickener (Carrageenan)	
Segment	Share (%)	Segment	Share (%)	Segment	Share (%)	Segment	Share (%)
Soft drinks	21*	Soft drinks	40*	Confectionery	50	Dairy	30
Confectionery	12	Confectionery	7	Processed foods	25	Pet foods	25
Meat & savoury	11	Yoghurts & deserts	6	Beverages	10	Water gels	20
Oils & fats	9	Cakes	6	Dairy	10	Meat	15
Fruits & vegetables	6	Meat & savoury	6	Bakery	5	Water viscosity	5
Dairy	6	Ice cream	5			Others	5
Others	35	Others	30				

\*mainly synthetic colours and flavours

Source: CBI 2010

### Segmentation of select colours, flavours and thickeners markets

Colours		Flavours		Thickeners	
Product	Segment	Product	Segment	Product	Segment
Curcumin	Dairy, confectionery	Menthol	Confectionery	Manioc starch	Bakery
Beta-carotene	Beverages & dairy	Liquorice	Confectionery	Gum Arabic	Beverages
Canthaxanthin	Animal feed	Locust beans	Bakery	Guar gum	Dairy
Capsanthin	Meat and Savoury	Citrus oils	Soft drinks	Agar	Fruit
Spirulina	Confectionery	Mint oils	Drinks	Pectin	Fruit
Anthocyanins	Beverages, fruit preparations & confectionery	Oleoresins	Savoury and meat	Alginate	Dairy

Source: CBI 2010

Different thickeners have very different functional characteristics and, correspondingly, find different specific applications. Natural gums are primarily used in beverages, jam, confectionery, bakery and dairy products.

#### Trade

Many of the raw materials for colours, flavours and thickeners require growing conditions which are more favourable in countries outside the EU. This makes EU a large importer of colours, flavours and thickeners. Total imports of natural colours, flavours and thickeners by the EU amounted to Euro 2,055 million or 475 thousand tonnes in 2008. Flavours comprise 46% of the imports, thickeners comprise 42% and colours comprise the remaining 12%. Between 2004 and 2008, total imports

increased by 6.2% annually in terms of value.

Between 2004 and 2008, total imports of natural colours, flavors and thickeners increased by 6.2% annually in terms of value. Between 2004 and 2008, imports in the segment from the developing countries increased by an annual rate of 8.8% in terms of value, reaching a share of 37% of total imports in the segment.

The leading importers of natural colours, flavours and thickeners from developing countries include France, Germany, the UK, Spain and The Netherlands. The East-European markets remain small, although the Czech Republic and Poland reported high growth rates.

#### Imports of natural colours, flavours and essential oil by EU

<b>Natural Colours</b>				
	2006	2008	Leading Suppliers	Share (%)
	€ million	€ million	Share (%)	
<b>Total EU</b>	<b>218</b>	<b>246</b>		
Intra EU			Germany(12), The Netherlands(12), France(9.2), Spain(7.1), Denmark(6.4)	59
Extra EU (excl. Developing Countries)			USA(7.4), New Zealand(1.4), Switzerland (1.4%), Israel(1.2), Japan(1.2)	15
Developing Countries			China (11), India(6.3), Peru(6.1), Mexico (0.5), Brazil(0.5)	26
<b>Natural Flavours</b>				
<b>Total EU</b>	<b>141</b>	<b>138</b>		
Intra EU	53	51	Germany(11), France(6.2), The Netherlands(5.8), UK(5.1), Spain(3.6)	37
Extra EU (excl. Developing Countries)	32	33	USA(14), Israel(3.5), Switzerland(2.0), Japan(1.9), Australia(1.2)	24
Developing Countries	56	54	India(21), China(8.8), Iran(7.3), Turkey(0.8), Turkmenistan(0.6)	39
<b>Essential Oils</b>				
<b>Total EU</b>	<b>713</b>	<b>799</b>		
Intra EU	274	299	France (9.0), Germany (5.9), Italy (4.5), UK (4.3), The Netherlands (3.8)	37
Extra EU (excl. Developing Countries)	162	172	USA(13), Switzerland (4.8), Australia (0.8)	22
Developing Countries	267	328	India (7.2), China (6.3), Brazil (5.4), Indonesia (4.7), Argentina (2.4), South Africa (1.7), Mexico (1.7), Turkey (1.7), Morocco (1.6), Egypt (1.3)	41

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### Trends and Opportunities

Developing countries play a major role in supplying natural colours, flavours and thickeners either in processed forms or as raw materials to the EU markets, due to their favourable climatic and production conditions. The demand for natural colours, flavours, and thickeners has been rising in the recent years, in the EU due to the following trends:

- Increasing demand for natural food as opposed to synthetic food;
- Health-promoting properties in food has been the consumer priority;
- 'Low-fat content' is the objective for many new or improved food formulations, replacing fats with thickeners;

- Increased consumer preferences for organic food;
- Variety and internationalisation of food flavours.

The trends have opened up ample opportunities for suppliers of natural flavours, colours and thickeners in the EU. Suppliers may benefit optimally by: promoting the benefits of natural ingredients for product labelling; increasing their expertise on product applications; improving quality consistency; stabilising supply chains; obtaining quality/organic certifications; and targeting companies in West-European countries which also operate in East-European countries.

Reference:  
CBI, The Netherlands

## Pineapple- Export Potential for India

Pineapple (*Ananas comosus*) is an important fruit of India. Pineapple is cultivated in an area of 84 thousand ha and total production is 1,341 thousand tonnes. Major pineapple producing states in India are: West Bengal, Assam, Karnataka, Meghalaya, Manipur, Bihar, and Kerala. It is also abundantly grown in almost entire North Eastern Region of India.

### World Scenario

The major pineapple growing countries in the world are Brazil, Thailand, Philippines, Costa Rica, China and India. The total area under pineapple cultivation in the world in 2008-09 was 850 thousand ha with production being 19,201 thousand tonnes.

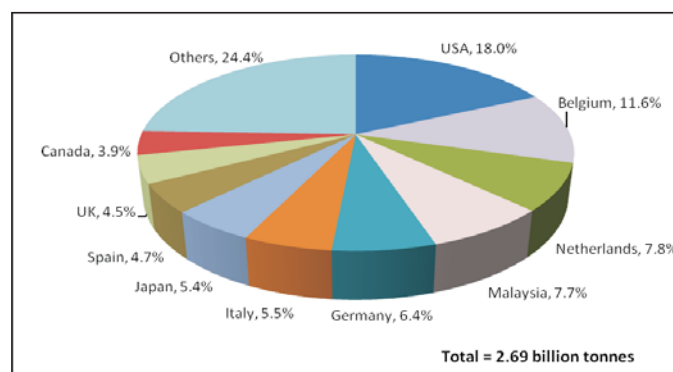
### Area, production and productivity of pineapple in the world (2008-09)

Country	Area (ha)	Production (million tonnes)	Productivity (tonnes/ha)
Brazil	62,142	2.49	40.1
Thailand	93,116	2.28	24.5
Philippines	58,251	2.21	37.9
Costa Rica	33,488	1.62	48.5
China	70,613	1.40	19.9
India	84,000	1.34	16.0
Indonesia	20,802	1.27	61.2
Others	427,828	6.58	15.4
<b>World</b>	<b>850,240</b>	<b>19.20</b>	

Source: NHB

Total world exports of pineapple in terms of value stood at US\$ 1.59 billion in 2008. Total world imports of pineapple in terms of volume stood at 2.7 billion tonnes in 2008. Europe is the largest importer of pineapples, followed by USA, and Japan. Costa Rica is the largest exporter of pineapples followed by Philippines, at distant second.

### Leading importers of pineapple in the world: 2008



Source: ITC

### Potential Markets

#### Europe

The market for fresh pineapples is one of the fastest growing amongst fruits and vegetables in Europe. Nearly all pineapples consumed in the European market are imported from non-European origins.

European retailers increasingly prefer MD2<sup>1</sup> type pineapples over other varieties, including the Smooth Cayenne and Sugarloaf pineapples. Latin America has lately become the dominant supplier on the European and global pineapple market, largely due to the commercially successful MD2 variety, the standard variety for nearly all large pineapple producers in Latin America and Asia, in the recent years. The demand for pineapple is highest in May and June, and rises again around Christmas.

Costa Rica is by far the largest exporter of pineapples to the European market, supplying 73% (670,119 tonnes) of all imports, in 2008. Other suppliers account for a much smaller share of total imports: Cote d'Ivoire (6%), Ecuador (5%), Panama (4%), Ghana (4%), Brazil (3%), Honduras (3%) and Cameroon (1%).

<sup>1</sup> The extra sweet MD2 variety, launched in 1996, in Costa Rica, currently accounts for approximately three quarters of the European pineapple market

The European demand for organically grown pineapples is estimated at 8 to 16 tonnes per week. Imports are likely to increase following the approval in 2005 of the use of ethylene to induce flowering in organic pineapples. Industry sources expect the demand for organically produced pineapples to increase considerably over the next 10 years.

With total sales of fair-trade pineapples reaching 2,434 tonnes in 2007, Europe is also the largest market for Fairtrade pineapples. Italy accounts for a significant proportion of the European fair-trade pineapple market, followed by Switzerland, and the Netherlands.

### USA

The fresh pineapple market is also one of the fastest growing fruits and vegetables markets in the USA. Over the past decade, imports of fresh pineapples into the USA have more than tripled, from 206,770 tonnes in 1997 to 644,764 tonnes in 2007. The value of fresh pineapple imports rose at an average of 17% annually, from US\$79 million in 1997 to US\$423 million in 2007. Fresh pineapple imports have thereby widely overtaken imports of canned pineapple, which stood at 351,884 tonnes (US\$243 million) in 2007, exhibiting an average annual growth rate of 2%, both in volume and value, since 1997.

Costa Rica is by far the largest supplier of fresh pineapples to the US market, accounting for 82% of total imports (by volume) in 2007. Other important suppliers to the US fresh pineapple market are Ecuador, Mexico, Guatemala and Honduras, accounting for 3% to 5% of total imports in 2007. The processed pineapple market in the USA is supplied by the three major world exporters: the Philippines, Thailand and Indonesia.

The US pineapple market was mainly dominated by processed products, which is increasingly shifting towards fresh consumption with the emergence of the MD2 variety. In addition, the recent development of fresh-cut ready-to-eat pineapple products in the US pineapple markets is also adding to the demand of fresh pineapples.

In USA, organic price premiums tend to be higher for pineapples than for other tropical fruits. The price premium for organic pineapples in US wholesale fruit markets varies between 13 to 42 percent, according to the season and the arrival of imported fruits. According to 'The Fresh Trends 2009' report, the likelihood of US consumers purchasing organic pineapples increased by 3% y-o-y in 2009. The demand for Fairtrade pineapple is also on the rise in the USA.

### Japan

Japan is the leading importer of fruits and vegetables in Asia. In terms of quantity, pineapples are the second major fruit imported in Japan. Philippines (99%) by far is the largest supplier of fresh pineapples and pineapples products to Japan, followed at a distant by Taiwan. Thailand exports mainly frozen and canned pineapple to Japan. Sri Lanka has been a consistent supplier of fresh pineapples to Japanese markets.

### India's export potential in pineapples

Availability of pineapple in major markets in India, such as Delhi,

begins during June to November and lasts up to February. In major pineapple producing states comprising Meghalaya, Assam, West Bengal, Nagaland, Manipur, and Tripura, season of availability is from July to December months.

Internationally acceptable cultivars like Kew or Giant Kew, which is also called Cayenne or Smooth Cayenne, are grown extensively in India. Other major commercially grown varieties of pineapple in India are Queen or Common Queen, and Mauritius. Agri Export Zone for promoting exports of pineapple has already been established in North Bengal. There are also good prospects for cultivation of organic pineapples in Kodagu district of Karnataka and Ratnagiri district in Maharashtra.

Additionally, from location point of view, India is better placed for exporting pineapple to Gulf countries as well as to European countries, compared to South East Asian countries like Philippines and Central and South American countries, which are currently, the leading suppliers of pineapple to the world.

India's export of pineapples has significantly increased in last few years from 717 tonnes in 2002-03 to 3893 tonnes in 2008-09. Major destination for India's pineapple exports are the neighbouring countries, such as Nepal and Bangladesh. Other leading destinations are UAE and Saudi Arabia.

### Export of pineapples from India

Year	Quantity(tons)	Value (Rs. Lakh)
2002-03	717	142.2
2003-04	1623	201.7
2004-05	1765	245.1
2005-06	4407	515.4
2006-07	3785	360.9
2007-08	4195	339.7
2008-09	3893	367.8

Source: NHB

### Trends & Opportunities

Tropical fruits are the fastest growing market for fruits and vegetables in the developed countries. The consumption of tropical fruits has risen considerably in recent years in both Europe and USA fuelled by rising disposable incomes and consumers' preferences. As the production of pineapples, both in Europe and USA, is extremely limited, the bulk of the growing demand in both regions is met through imports, mainly from developing countries, which is likely to increase. The market for organic and fair-trade certified pineapples also offers interesting prospects for suppliers from developing countries, like India, as it has been expanding in the light of a number of current developments, such as rising consumer preferences for health and ethical foods.

Pineapples are often regarded as "complicated" fruits, requiring a lot of preparation, and the lack of consumer knowledge on how to prepare them is a major impediment to purchasing. The niche market of ready-to-eat, pre-cut pineapple may offer

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interesting opportunities for future development. According to the industry sources, despite the dominance of MD2 variety, demand for Smooth Cayenne pineapple is also rising in the burgeoning markets.

For India, there are also ample scope for exporting pineapples to Russia, and other CIS and east European countries, such as Kazakhstan, Poland and Portugal. Expanding exports in the Middle East will also enhance exportability of Indian pineapples.

Currently, the huge demand for pineapples in EU is met by supplies from Central and South American countries, which taper from February onwards. India may exploit this situation to increase its

export to EU during this period by using appropriate planting material and regulating flowering.

However, India, in order to increase exportability in global pineapple markets, needs to supply quality product at par with current leading suppliers; this could be achieved through adaptation of advanced production, processing and storage technologies.

### References:

- National Horticulture Board (NHB)
- APEDA

## ASEAN – Non-tariff Barriers for Agri Trade

Association of South-East Asian Nations is a geopolitical and economic organization of ten countries located in Southeast Asia. The organization was established with an objective of accelerating economic growth among its members by enhancing trade and investment relations among its member countries. Agri-trade is one of the main focus areas. Discussed below are non-tariff barriers for Agri-trade in select ASEAN countries:

### Thailand

#### Protocols

Control of the import, marketing, distribution and sale of products

is shared between Food and Drug Administration (FDA), the Customs Department, the Ministry of Agriculture and the Ministry of Commerce. The Agricultural Regulatory Division of the Department of Agriculture classifies the import requirements for plant material for quarantine purposes. For all the commodities of import interest only a phytosanitary certificate is required, and the Indian Directorate of Plant Protection, Quarantine and Storage (IDPQS) is recognised as a competent authority to issue a certificate.

Commodity	Requirements by Thailand
Tomato, Onion, Ginger	Only printed (no handwritten) Phytosanitary certificate; post entry quarantine, and radiation certificate not required. Must be free of pests of quarantine concern
Sesame seed, Soya, Raw Cotton	Only printed (no handwritten) Phytosanitary certificate. Imports of soyabean meal are subject to a requirement, that proportionate quantity of the same type of goods produced in Thailand is imported by the exporter
Banana, pineapple, pomegranate	Prohibited imports

In addition, food products must be approved and registered with the Food and Drug Administration (FDA); all consignments must be labelled in the Thai language showing both the generic and trade, registration number, name and address of the manufacturer, date of manufacture, details of the exact composition by percentage of each ingredient, net weight of contents and any additives used. Foodstuffs in sealed containers are subject to specific regulations.

### Indonesia

#### Protocols

The main prerequisite for importing fresh produce into Indonesia is a phytosanitary certificate issued by the appropriate authority

such as the Department of Agriculture or Primary Industries in the country of origin (e.g IDPQS in India). The consignments are subject to plant quarantine inspection upon arrival in Indonesia. Fumigation dipping as well as cold treatments are allowed for specific products. Pesticide regulations including Maximum Residue Level for fresh fruits and vegetables exist.

All food and beverages whether imported or locally produced must be registered at the Indonesian Food and Drug Control Agency. For food imports, samples needed to be sent for analysis to determine ingredients, additives and micro-biological content.

Commodity	Requirements by Indonesia
All Fresh Fruit	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate; import permit, and radiation certificate not required.</li> <li>• Product must originate from areas free of all types of fruit fly</li> <li>• Product may be subject to Cold Disinfestation treatment (2.8°C) for up to 18 days and fumigation with Methyl Bromide</li> </ul>
All Fresh Vegetables	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate; import permit and radiation certificate not required.</li> <li>• Must be free of pests of quarantine concern</li> </ul>
Dry Fruit and Raw Cotton	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate; import permit, and radiation certificate not required.</li> </ul>
Seeds and Grains (eg Sesamum)	<ul style="list-style-type: none"> <li>• Phytosanitary certificate and import permit</li> </ul>
Raw Cotton	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate</li> </ul>

The use of labels in Bahasa Indonesia is mandatory on all types of goods. Exemptions may be granted only if there are no Indonesian words that can act as a substitute or if there is difficulty in finding Indonesian words with a similar meaning. Approval to omit Bahasa Indonesia labelling must be obtained from the Indonesian Attorney General.

Labels for food products must:

- Indicate registration and issue of a product number (ML number) by the Food and Drug Control Agency;
- Have an expiration date, and complete name and address of the importer; and
- Have a Halal certificate from an agency approved by the Indonesian Islamic Council if the product is Halal.

## Philippines

### Protocol

All bulk agricultural product shipments must be accompanied by a corresponding export/sanitary certificate from an appropriate agency at origin. Philippines quarantine is administered under the Plant Quarantine Act of 1978. Processed food and beverage products are required to be registered with the Bureau of Food and Drug, prior to being sold commercially in the Philippines market. Generally, food regulations are based on guidelines of the Codex Alimentarius Commission.

An Import Permit is required for most plants and plant products, including fruit and vegetables. An Import Permit is not required for cereals and grains, grains for animal feed purposes or for processing or manufacturing, and which are not prohibited.

Commodity	Requirements by Philippines
All Fresh Fruit	<ul style="list-style-type: none"> <li>• Phytosanitary certificate, and import permit;</li> <li>• Product may be subject to Cold Disinfestation and should be declared on the Phytosanitary certificate</li> <li>• Fruit must also be free of Sa Jose (<i>Quadrastpidiotus perniciosus</i>), Oriental fruit moth (<i>Cydia molesta</i>), and Codling moth (<i>Cydia pomonella</i>)</li> </ul>
All Fresh Vegetables	<ul style="list-style-type: none"> <li>• Must be free of pests of quarantine concern</li> <li>• Import permit and phytosanitary certificate</li> </ul>
Dried Fruits and Vegetables	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate (2 copies)</li> <li>• Certification of compliance with specifications of Philippines required from shipper (5 copies to be lodged).</li> </ul>
Seeds and Grains (eg Sesamum)	<ul style="list-style-type: none"> <li>• Phytosanitary certificate and import permit</li> </ul>
Raw Cotton	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate</li> </ul>

In addition, all goods must give a label in English, Spanish or Filipino (Tagalog), showing:

- Common or generic name;
- Physical or chemical composition;
- Preparation and storage directions;
- Name and address of manufacturer, packer or distributor;
- Country of origin; and
- Net contents.

## Malaysia

### Protocol

Malaysia applies strict sanitary and phytosanitary measures to

trade in plants, forest products, food, and animal and seafood products. The legislative and regulatory framework on which these measures are based include:

- The Plant Quarantine Act of 1976 and Rules of Plant Quarantine 1981; and
- The Food Act 1983 and Food Regulations 1985, covering the preparation, sale and use of food.

If required, Import Permits should be obtained from the Director-General of Agriculture in Kuala Lumpur for imports into Peninsular Malaysia and the Director of Agriculture in Sabah or Sarawak for importation into Sabah or Sarawak.

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Commodity	Requirements by Malaysia
Mangoes	<ul style="list-style-type: none"> <li>• Phytosanitary certificate</li> <li>• Mangoes should be free of mango seed weevil (<i>Sternochetus mangiferae</i>) and certified accordingly in Phytosanitary certificate</li> <li>• Inspection on arrival</li> </ul>
Other fresh fruits	<ul style="list-style-type: none"> <li>• No certificate required</li> <li>• Inspection on arrival</li> </ul>
All fresh vegetables	<ul style="list-style-type: none"> <li>• Inspection on arrival</li> </ul>
Seeds and Grains (eg Sesamum)	<ul style="list-style-type: none"> <li>• No certificate required</li> <li>• Stored product pests of concern are: Khapra beetle (<i>Trogoderma granarium</i>) and Greater Grain Borer (<i>Prostephanus truncatus</i>)</li> </ul>
Raw Cotton	<ul style="list-style-type: none"> <li>• Only Phytosanitary certificate</li> <li>• All consignments must be free of prohibited weed seeds: <ul style="list-style-type: none"> <li>- <i>Rottboellia cochinchinensis</i>;</li> <li>- <i>Parthenium hysterophorus</i>; and</li> <li>- <i>Sorghum halpense</i></li> </ul> </li> </ul>

Malaysian food standards and regulations include requirements that food be processed, stored and handled in a sanitary manner. There are nutritional labelling requirements for certain food products, including cereals, breads, milk, various canned foods and fruit juices, soft drinks and salad dressings.

Malaysia has played a leading role in the development of Halal certification, reflecting the objective of the Government of developing the country as a hub for Halal food products. Halal certificates are issued by Department of Islamic Development Malaysia (JAKIM), which is widely recognised.

Labelling requirements for pre-packed food include:

- Type of product;
- Minimum quantity (weight, number or capacity) in metric;
- Name and address of manufacturer, importer, producer or wholesaler; country of origin; and

- Language must be in Bahasa, Malaysia or English;
- Labels must not include wording or illustrations likely to be misleading.

Customs duty is based on ad valorem rate (a percentage applied to the dutiable value of the imported goods). Essential foodstuffs, and food commodity, are generally non-dutiable or subject to lower rates of duty. The Royal Customs Malaysia is the government agency mandated to collect duties and taxes as well as ensure compliance of legislation.

#### References :

- WTO
- APEDA
- Industry Sources

## Policy Measures for Agri-environmental Issues in OECD countries

Agricultural production affects water, air and soil quality, influences eco-systems and Biodiversity, and brings in changes in rural landscapes. To address the environmental concerns arising due to agricultural production, agri-environmental policies have been developed by OECD countries, which include regulations, agri-environmental payments, taxes, emission/consumption quotas, and environmental cross-compliance mechanisms. In addition, it also focuses on environmental measures (e.g. regulatory requirements) affecting agricultural production and practices. Discussed below are select policy measures.

### Economic measures

These measures typically involve either a monetary transfer – i.e. payments to farmers (including credit subsidies or tax relieves) and charges/taxes; or the creation of new markets – i.e. tradable rights or permits for the purpose of environmental protection. The main types of agri-environmental programmes providing payments to farms are:

#### Payments based on farming practices

Payments based on farming practices are policy measures granting annual monetary transfers (including implicit transfers such as tax and credit concessions) to farmers to provide incentives to implement more environmentally friendly farming practices, in addition to those required by regulation and/or defined as good farming practices. Such payments have been applied in most of the OECD countries. Recently such payments were introduced in Canada, Japan and Korea.

#### Payments based on land retirement

Programmes under this category provide incentive payments to retire land from commodity production and convert the land for environmental purposes. Such programs are most common in USA. e.g. *Conservation Reserve Program (CRP)*, which provides an annual rental payment to farmers who enroll in 10 to 15-year contracts to retire land from production; *Green Fallow and Floral Fallow* programmes, in Switzerland to promote biodiversity and habitat protection. Agri-environmental land retirement payments also exist in the European Union, Iceland, Mexico, and Japan.

**Agri-environmental payments applied in OECD countries**

<b>Programmes</b>
<b>Payments for farming practices</b>
Land improvement (liming, soil erosion prevention)
Payments for nitrate reduction
Nutrient management plan
Extensive crop production
Organic farming
Integrated production wine, fruits&vegetables
Integrated farming
Traditional methods of cultivation
Reduced tillage/Mechanic weed control
Crop rotation
Biological plant protection measures
Green manure crops
Green set aside/fallows
Catch crops, green/winter cover
Extensive management of all land
Extensive grassland management (pastures/meadows)
Conversion of arable land into grassland (pastures/meadows)
Grassland/biodiversity/habitat schemes
Biodiversity - local breeds
Biodiversity - local species and varieties of crops
Maintenance of wetlands and ponds
Protected environmentally sensitive areas/vulnerable zones
Shelter belts/buffer strips
Landscape elements/Amenities
Maintaining and improving groundcover
Water conservation
On-farm Energy Conservation
<b>Payments for land retirement</b>
Long term set-aside
Afforestation
Conversion of farm land in wetland and ponds
Converting pasture to perennial vegetation

Source: OECD

**Payments based on farm fixed assets**

These are policy measures granting a monetary transfer (including implicit transfers such as tax and credit concessions) to farmers to offset the investment cost of adjusting farm structure or equipment to adopt more environmentally friendly farming practices. A wide range of such payments have been implemented in OECD countries in the past twenty years. e.g. the *Environmental Quality Incentives Program* (EQIP) in USA that grants payments to farmers covering up to 75% of the investment cost of installing or implementing structural changes to promote environmental objectives, with particular emphasis on addressing environmental problems associated with the livestock sector, such as building animal waste management facilities and creating filter-strips; *Agriculture Management Assistance* (AMA), in which cost-share payments to farmers is made to carry out activities to address environmental issues, including the construction or improvement of water management structures, irrigation structures, and the planting of trees for windbreaks or to improve water quality; Structural payment programmes in the EU under the *Rural Development Regulation* (No.1257/99, and No.1698/2005); and Commonwealth tax concessions in Australia to promote a range of environmental objectives, including the prevention of land degradation and water conservation.

Inventory of Agri-environmental payments in OECD countries includes a wide range of characteristics of policies, which may

differ in many ways, such as:

- Spatial targeting (e.g. applied to a specifically defined area – mostly using environmental criteria; within an administrative region, whole country).
- Time duration (i.e. one-off/transitional; medium term; long term).
- Basis of the payment/implementation criteria (e.g. based on input use; payment per area/head, resource retirement, non-commodity outputs);
- Level of payment definition (e.g. valuation of a specific project, using an auction system, using fixed rates – specific region/ whole country, share on investment costs).

The OECD's Producer Support Estimate database (PSE database) provides all policy measures pertaining to agri-environmental payments. Under the current classification the agri-environmental payments are classified in the following PSE categories:

- Payments based on input use – with input constraints (mostly payments to investments to improve environment);
- Payments based on current area/animal numbers – with input constraints;
- On farm technical assistance/ extension;
- Long-term resource retirement;
- A specific non-commodity output.

**Environmental taxes/charges**

These are policy measures imposing a tax or charge relating to pollution or environmental degradation including taxes and charges on farm inputs or outputs that are a potential source of environmental damage. In agriculture, environmental taxes are more often applied on the sale of inputs identified as having a potentially adverse impact on the environment.

**Tradable rights/permits**

Tradable rights based on environmental quotas, permits and restrictions are yet to play a significant role in agri-environmental policy in OECD countries, despite the growing use of such measures for environmental policy in other sectors, such as tradable CO<sub>2</sub> permits within the energy sector. However, there are also tradable schemes in agriculture, such as *Wetland Mitigation Banks* for the development of wetlands, and tradable water extraction rights in the USA. Similar schemes are also there in Australia and New Zealand.

**Community based measures**

In some countries—Australia, Canada and New Zealand—government-led information policies are supplemented by the growing use of community-based approaches promoting the exchange and transfer of information, variously known as landcare groups or conservation clubs. These approaches make use of local expertise in solving environmental problems that thereby enhance environmental conservation. Some of these groups receive administrative or financial support from central or regional authorities, while others are entirely self-financed and independent.

**Regulatory measures**

Measures classified under this category involve a compulsory restriction on the choice of economic agents. OECD countries have implemented the Polluter Pays Principle. This principle is intended to avoid distortions in international trade and investment and to allocate costs of pollution prevention and control measures to encourage rational use of scarce environmental resources.

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Regulatory measures in OECD countries tackle agri-environmental objectives in a variety of different ways, imposing differing degrees of restrictiveness. Three main categories are:

- Reducing pollution - general expansion in regulatory measures to protect waterways and groundwater, and to reduce air pollution, particularly in the following areas:
- Inputs - restrictions on marketing, sale and use of chemical inputs. e.g. *1987 Montreal Protocol on Substances that Deplete the Ozone Layer*;
- Use of pesticides - strict rules concerning the storage, and application of chemical fertilisers and pesticides. e.g. aerial spraying of pesticides is prohibited in some parts of the EU and Australia, and heavily controlled in other regions and countries.
- Nutrient management - laws prohibiting the *direct* discharge of animal and other waste in surface water, and strict requirements of *manure management* in order to limit nutrient pollution in water bodies.
- Scale of production - In some OECD countries large-scale livestock production units are controlled through permitting systems, either at the national or regional level.
- Buffer strips and catch crops - Buffer strips around water courses and groundwater sources have become a common requirement to limit nutrient leaching in many OECD

countries, including Australia, Canada, France and New Zealand. Requirements for catch crops are most stringent in Denmark and in parts of Sweden.

- Use of natural resources: water and soil- Restrictions limiting the quantitative extraction of water for irrigation purposes in regions where water is scarce. These caps are sometimes combined with the creation of tradable rights. Regulatory requirements regarding *land use* in relation to soil quality at the national or state/regional level.
- Biodiversity- OECD governments at federal and provincial/state level have well established legislation to protect valuable wildlife and habitats, which can influence on-farm practices. These measures have been shaped by international as well as domestic considerations, including the obligations under the *International Convention on Biological Diversity (CBD)*.

### Advisory and institutional measures

These include government funded R&D on agri-environmental protection and mitigation approaches, technical assistance and extension, and introduction of eco-labeling/standards/certifications.

### Reference:

- OECD

## NEWS FOCUS

### Arab Nations consider US\$ 65 billion food security plan

Arab nations are considering launching an ambitious strategy involving investment of nearly US\$ 65 billion (Dh238.7bn) in the next 20 years to expand their farming sector and ensure food for their fast-growing population.

According to the Arab Organisation for Agricultural Development (AOAD), an affiliate of the 21-nation Arab League has completed the Emergency Programme for Arab Food Security, which has been prompted by the deteriorating farm shortage in the region and soaring food prices. The strategy includes three phases, the first of which is a five-year plan during 2010-2015. The second stage would cover the 2010-2020 periods and the third one is slated to stretch until 2030, when most farm products projected to nearly double. Preparatory measures for the implementation of the first stage began in the first half of 2010 and it could be officially launched in 2011. The first farming season in this five year plan is scheduled to begin in early 2012 once it is ratified.

According to the AOAD, the first phase involves investment of about US\$27bn, which is projected to rise to US\$51.5bn at the end of the second stage. Total cumulative investments are estimated to reach US\$65.4bn in 2030. Funding of the plan would be shared by the governments and the private sector and it will mainly cover nine large Arab nations—Saudi Arabia, Egypt, Sudan,

Algeria, Tunisia, Syria, Iraq, Morocco and Yemen. The strategy will focus on wheat, rice, barley, sugar cane, beet, sesame, and other products, which are in a sharp shortage in the region.

Source: [www.fnbnews.com](http://www.fnbnews.com)

### New pact for cocoa trade to be finalized

The current International Cocoa Agreement, which entered into force in 2005, is set to expire on 30 September 2012. In view of this, a new Cocoa agreement is underway. It is the sixth in a series of such agreements, and differs from its predecessors in the sense that it recommends, on the basis of the negotiations conducted to date, the exclusion of market regulatory mechanisms, such as production quotas, buffer stocks, and other price-support measures. The new agreement will come into effect upon ratification by five exporting countries, whose combined production capacity is at least 80 percent of the world cocoa crop, and five importing countries with a total consumption of at least 60 percent of the commodity.

The export value of world cocoa bean production during the current 2009-2010 cocoa year is estimated at around US\$10 billion. Cocoa is grown mainly by smallholder farmers in West Africa, Central and South America and Asia, but mostly consumed in developed countries.

Source: [www.beveragedaily.com](http://www.beveragedaily.com)

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