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AGRICULTURAL OUTLOOK FORUM 2002

Growth of Middle-Class Consumers in Developing Countries

“The Economic Future and Market Barriers of India”

Isi A. Siddiqui, Vice President

CropLife America

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INDIA'S ECONOMIC PROFILE

	<u>1999</u>	<u>2000</u>	<u>2001</u>
GDP (\$ U.S. Billion)	451.6	469.2	489.1
GDP per Capita	460	470	480
Real GDP Growth (% Change)	7.2	5.2	5.0
Good & Services Exports (% of GDP)	10.4	11.2	11.0

Population

1.03 Billion

Age Structure

0 – 14 years

33%

15 – 64 years

62%

65 and Over

5%

Population Growth

1.55%

Estimated Middle-Class

20% or 200 million

Source: Govt. of India, CMIE, Indianinfoonline



INDIA'S INTERNATIONAL TRADE PROFILE

EXPORTS \$42.3 Billion 16% ann. change

Rank in the World 31

IMPORTS \$50.5 Billion 12% ann. change

Rank in the World 26

Source: WTO Report for the year 2000



INDIA'S TOP FIVE TRADING PARTNERS

Exports			Imports		
1	United States	22.7%	1	United States	9.1%
2	Hong Kong	5.8%	2	Belgium	8.0%
3	Japan	5.4%	3	Singapore	7.1%
4	United Kingdom	5.3%	4	United Kingdom	7.1%
5	Germany	4.6%	5	Japan	6.3%

Major Export Items

Textiles, gems,
agricultural products,
chemicals, software and
leather

Major Import Items

Crude oil, machinery,
gems, fertilizers and
chemicals

Source: CMIE-India

INDIA'S TRADE RELATIONSHIP WITH THE U.S.

Total Trade:			
Exports (to India)		\$3.7 Billion	
Imports (into the U.S.)		\$10.7 Billion	
AGRICULTURAL	1998	1999	2000
		In Millions \$	
Exports (to India)	212	148	215
Imports (into the U.S.)	932	1068	1133

Source: USDA and USTR



Commodities showing export growth

	1998	1999	2000
	In \$ Million		
almonds & nuts	52.2	40.2	70.9
cotton	9.8	6.9	29.4
consumer oriented food	2.2	2.1	3.5
planting seeds	2.3	2.9	3.5
snack foods	0.1	0.8	1.2

Commodities showing import growth

	1998	1999	2000
	In \$ Million		
fish & fish industries	182.1	199.1	283.6
rice	39.7	41.1	42.5
planting seeds	12.5	27.2	42.9
dairy products	13.7	15.8	21.7
processed fruits & vegetables	23.1	38.3	44.0

Source: USDA and USTR

U.S. / INDIA AGRICULTURAL TRADE ISSUES

1. High tariffs on horticultural products

Distilled Spirits	210%	Citrus	46%
Raisins	115%	Pistachios	44%
Sparkling Wines	100%	Cherries	40%
Apples	56%	Pears	40%
Frozen French Fries	55%		

2. Phytosanitary restrictions against soybeans
3. Restricted market access for wheat & corn
4. Export subsidies on wheat
5. Surcharge and special or additional duties

How to remove market access barriers against U.S. agricultural products to benefit the estimated 200 million middle-class market in India?

1. Bilateral dialogue
2. Multilateral Dialogue (WTO) & remedies
3. Focus on NRI-owned businesses