

COVID-19:

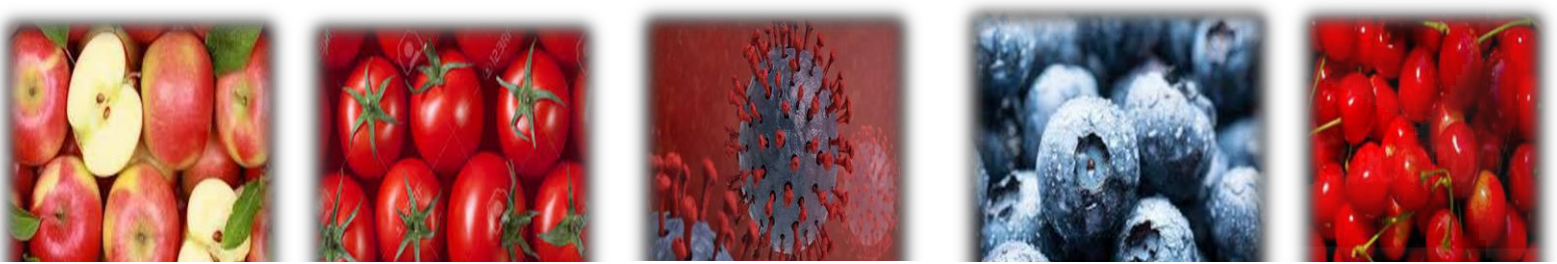
Challenges, Opportunity & Threat

for **I**ndian **A**gricultural **E**xports

an impact assessment



Agricultural and Processed Food Products Export
Development Authority (APEDA)
Ministry of Commerce and Industry



COVID-19: Challenges, opportunity & threat for Indian Agricultural Exports: an impact assessment

1. Scope of the Study

The Covid-19 pandemic is taking a hard toll on the global economy and India is no exception to this. Agriculture, the largest employer in the country, which is largely informal, is severely affected witnessed by distortions in the food supply chain induced by the pandemic. Section I of this document summarizes the challenges posed by the COVID-19 outbreak to the agri ecosystem of India with Section II focusing on issues at individual levels of agri supply chain leading to Section III which analyses the impact of these challenges on all the players across the agri supply chain; impacting not only the existing processing, movement and exports of rabi crop; but also the production cycle of kharif crops in coming 3-4 months.

While on one hand COVID crises seem to have brought forward obvious challenges towards maintaining the efficient supply chain towards smooth flow of agri supply for domestic urban markets to avoid food inflation, on the other hand; appreciating the fact that the COVID crises have hit global markets, many of which have been competing suppliers for India, this current crises also seem to open newer prospects for Indian agri exports as covered in Section IV.

Assuming the fact that China being the epicenter of the COVID-19 crises; would bring a psychological shift in global procurement priorities from China to alternate sources.

In such a scenario, it does make business sense for India to exploit its huge comparative advantage in agro production towards utilizing this opportunity for doubling farmer's income through exports utilizing this expected trade diversion and preferences towards India.

COVID-19 crises have been taking hard toll on global agri supply chains. Hence this brings policy and administrative challenges for India to ensure food availability and avoidance of food inflation in urban markets.

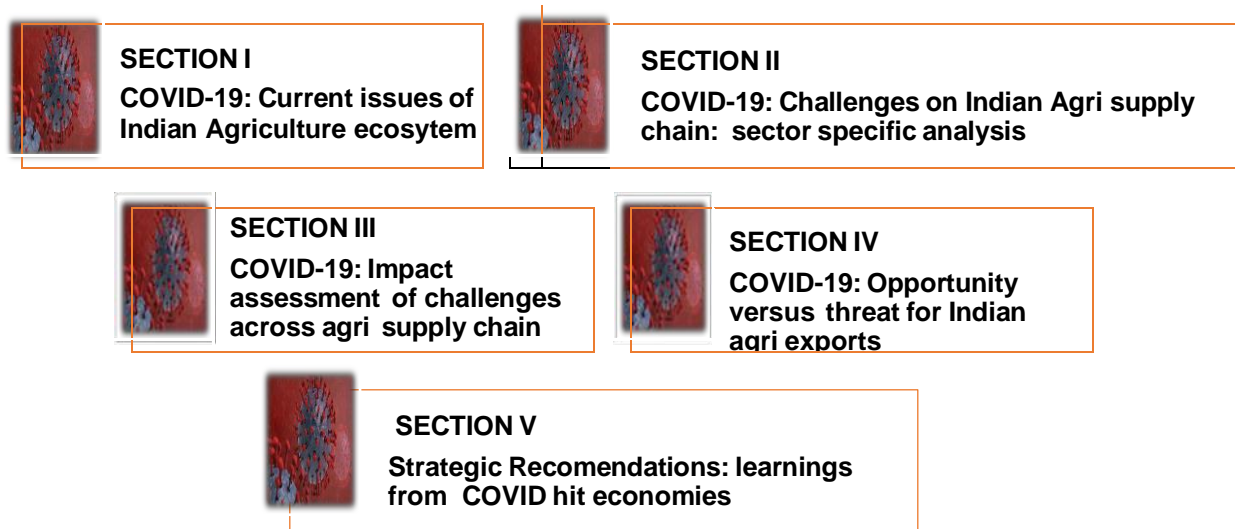
However, similar disruptions of agri supply chains and production systems in competing countries with harder COVID impact, also brings opportunities in newer markets. Is India ready to maintain it's agri efficiency in domestic market and also feed the world in such a scenario?

Finally, all this would be possible, provided India is ready with its strong supply strength both in terms of its efficient and timely output as well as suitable policy framework. Section V therefore captures the analysis of the on how far is India ready to exploit this opportunity? How far are our domestic policies supportive? Do we have requisite infrastructure support to feed the world? And many pertinent issues are worth exploration.

2. The Methodological Approach

Towards capturing the challenges; rigorous interaction with the exporters, export councils, commodity boards and industry associations of different product sectors of APEDA have been done to gather the ground level realities The document covers in-depth data analysis for India as well as global markets as prime importing countries; on the changing demand and supply scenario of agro commodities in light of COVID crises; thus identifying new export opportunities for Indian agri exporters. The strategic recommendations based on the interactions and trade flow analysis are instrumental towards drafting a suitable export strategy in the COVID-19 scenario.

CHAPTER SCHEME

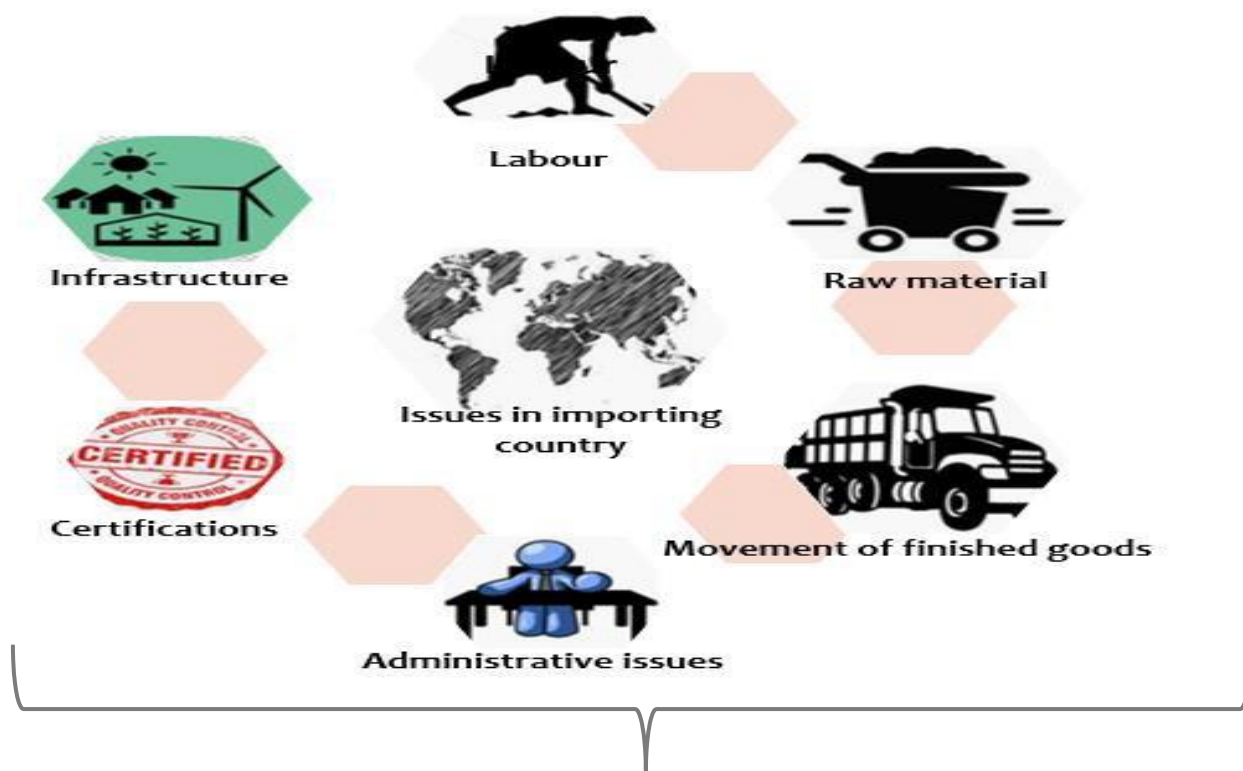


SECTION i

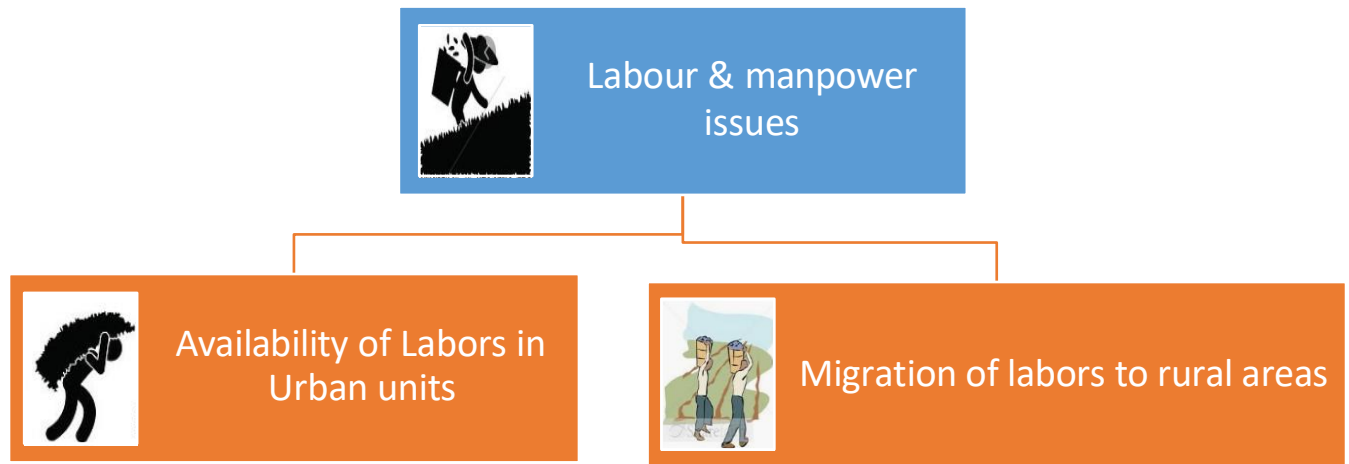
COVID-19: Current issues of Indian Agriculture Eco-system

COVID emergency had led the Government to take emergency measures in the form of lock down, restricted movement, stagnation of commercial activities due to the need for social distancing etc. Although, considering it's possible impact on overall trade and business, certain relaxations were extended including opening of food processing units, free movement of goods, allowing labour to work under curfew exemption of various services from curfew and issuing curfew passes to workers. However despite these measures, following major challenges have been reportedly witnessed by exporters:

Challenges to Agro exports in COVID-19 situation



As a result of these issues, many of the exporters may now find domestic markets more lucrative because of increase in the domestic demand and hence may shift from exports.



- Due to lockdown, availability of urban labour for below listed activities have been hampered drastically
 - *Labour/ Drivers for transport*
 - *Skilled labour for processing the produce according to international norms*
 - *Sorting, grading cleaning*
 - *Pre-cooling & Residue testing*
 - *Cold storage*
 - *Repacking in export packaging*
- Operation at major ports for want of adequate manpower are some of the bottlenecks being faced by exporters of agro products.
- Unavailability of Cargo Handling agents for documentation

- Most of the agricultural labour comes from Eastern Uttar Pradesh, Bihar and Jharkhand & also parts of Madhya Pradesh which is now forced to move back due to COVID rises. This has impacted handling produce from farms, it's processing, packaging till exit points for exports.
- Migrated labourers are not likely to return early, those who are staying under compulsion may also shift earliest whenever the relaxation is received in the lock down which will affect the production.

Greater interdependence of industries for example nonfunctioning of packaging industry has affected fresh and processed food sector



Constraints of movement of raw material for processing to export units are being faced besides the requirement of specialized labor in large numbers involved in various activities in their processing units.



- Disruption in Truck movement for long distance movement from factories to LCS, Railway Yards and then to exit points remain constraints for perishables.
- Disruption in international courier services has enforced exporters to send scanned copies of document to Importers, however many countries are not accepting the scanned documents in place of physical documents.



Non-issuance of Bill of Lading (B/L) by shipping lines at ports/, shortage of staff at exit ports and LCS resulting in delay in clearance of export consignments overseas are the difficulties being faced by most of the exporters.



- Limited availability of Labs currently operating,
- Because of the COVID-19, difficulties are being faced in ensuring the compliance for products certification.



Unavailability of containers, high air freight of cargo charged by airlines, blockage of container movements at ICD s, Concor.



- In many countries, there is likely to be less demand as a result export is likely to be affected. Export orders are on hold.
- Trade fairs are being postponed.
- Payment cycle of 60 days have been shifted to 90days and in some cases to six months.
- Country of Origin (COO) certificates issued by Chambers/FIEO/EIC also required to be submitted in original for many countries as required by them.

SECTION

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COVID-19: Challenges on Indian Agriculture supply chain

COVID-19 is spreading through the developing world. Many low- and middle-income countries including India are now reporting growing numbers of cases and imposing rigorous lockdown regulations in response, which impact all aspects of the economy. How will COVID-19 affect food-supply chains (FSCs) in India as a result of the broader challenges described above becomes a matter of immediate concern and policy attention.

Appreciating the fact that the food supply chain is a complex web that involves producers, consumers, agricultural and fishery inputs, processing and storage, transportation and marketing, etc, the impact of these challenges needs to be explored at all levels right from farm level analyzing factors that would have an impact on the farm production levels for the upcoming seasons and simultaneously looking forward to efficiently market the existing stock to avoid farm losses due to distress sales¹ and post-harvest losses of the perishables.

Further going beyond boundaries, it is important to look into factors hampering agri exports in terms of documentation, testing and certification, banking, insurance, shipping, timely port clearance both at exit and entry ports facilitating G2G negotiations wherever required.

It is equally important to analyse and formulate India's agri trade policies in terms of export restrictions and ban of sensitive and staple commodities to avoid food scarcity in times to come as done in many countries including Russia, Indonesia and Singapore etc. Additionally, our import policies need to take care of smooth flow of imports of certain high import dependent commodities as a fall back options in situations of any demand supply gap² of essential commodities to avoid rise in consumer prices of agri products.

¹ For example, banana prices in Andhra Pradesh at the farm level have seen a sharp fall from ₹15 per kg to ₹6 in the last 7-10 days, and ditto with mango. The current farm-gate realisations will play a significant role in rationalising the cropping patterns for the next season. If the normalcy in the movement of goods is delayed further because of the pandemic, lower farm-gate realisations will percolate to other commodities that are about to be harvested.

² Import-oriented essential commodities such as edible oils will face supply shortage, and prices will move sharply higher. India had witnessed lower imports of edible oils in January and February on a YoY basis, while March will see a significant decline in imports. Pipelines are already tight because of lower domestic crush in the last two months, especially in mustard seed and soyabean. Lower crush and lower imports will lead to supply tightness in edible oils moving into April.

ANALYSING TRADITIONAL AGRI SUPPLY CHAIN OF INDIA

Challenges in light of COVID-19

Agri supply chain of India traditionally involves farmer producer from where the farm produce are being consolidated at the primary village level consolidation centers involving kaccha adatiya to be then transported to APMC mandis involving pakka adatiyas. These APMC mandis are normally located far away from these village consolidation centers. From these APMC, mandis either the agro goods if primary exports, goes to the packaging units of the exporters finally directed towards the port. In case of processed goods, agro produce from APMC moves to the processing units before getting diverted for exports. In states where APMC act have been modified, direct procurement of primary agro produce from the farm via FPOs for processing and export through Primary Rural Agro Markets (PRAMs) have been allowed. In light of lockdown and restricted movement and labor issues, challenges have been faced at all levels of the underlying agro supply chain. Challenges faced by these players at each level of supply chain has been listed in detail as below.



Overview of Challenges across the Supply Chain

As can be seen there are certain challenges which are predominant across the value chain. For instance, challenges in terms of the logistics involving the movement of raw material and processed food, and the pandemic's impact on due to reduced access to raw material (inputs, seeds, fertilizer, animal feed etc.) due to logistical constraints and labour shortages; similar to what happened in China, is quite visible. As of now, there is no shortage of material lying in the supply chain, bottlenecks in the flow of goods are distorting supply chains for a brief period. As a result of the above as of April and May 2020 we expect to see disruptions in the food supply chains.

Blockages to transport routes are particularly obstructive for fresh food supply chains and may also result in increased levels of food loss and waste. Fresh fish and aquatic products, which are highly perishable and therefore need to be sold, processed or stored in a relatively limited time are at particular risk. Shortages of labour could disrupt production and processing of food, notably for labour-intensive industries (e.g. crops or fishing).





Transport restrictions and quarantine measures are likely to impede farmers' and fishers' access to markets, curbing their productive capacities and hindering them from selling their produce.





India is about to harvest a bumper rabi crop in the next few days, and the arrivals will soon start flowing into different primary mandis from early April. In such a scenario, the closure of several mandis and hiccups in the movement of goods will have a significant impact on farmers' realisation, especially small and marginal farmers who can't hold the produce for a longer time. Indian agricultural warehousing will be tested in the coming months, when India is about to harvest a bumper rabi crop. The duration of storage of commodities in warehouses will take a longer time than usual, and scarcity of agricultural warehousing space will be seen at a time when the kharif crops hit the market, i.e., by November/December.

Sector Specific Supply Chain issues

(Drawn from in-depth interviews with various stakeholders)

A. Fresh Fruits and Vegetables

COVID Challenges/Products				
Manpower issue	Regular strength about 600. Now operating with about 50 labors (less than 10% capacity)	Regular strength about 200. Now operating with half the strength (50% capacity)	Regular strength about 50-60. Now managing with 15. (25 -30 % capacity)	Regular strength about 50-60. Now managing with 10-12. (20 % capacity)
Labour management in lockdown	Local labor, have received passes. Maintaining social distancing. However there is problem of labor for stuffing of containers	Came before lockdown and are staying in the warehouse only. Accommodation etc provided by exporter. However out of 40 office staff, only 3 have got passes, so the exporter is having problem in running the office.	Labor contractor brings the labour in their vehicle. However they have not got permit for the office staff that has to work from home. Thus it is difficult to manage paper-works	They are staying in the packhouse. However they have not got permit for the office staff that has to work from home. This it is difficult to manage paper- works.
Transportation issues	By vehicles of Exporter/Farmers. Field packing is being done as packhouse manpower is presently not sufficient	Purchase staff of the exporter arranges the vehicles. From Nasik the product is transferred to Parvel, Mumbai. Freight is high, more than 50%	-	Arranged by the exporter. Transported to packhouse in Vashi, Navi Mumbai
Laboratory issues	All Lab's are not operating. Laboratory that is functional is quite far off the farm. Labs are not coming to draw sample. Since the lab is at far off distance the exporter staff has to travel long distance	Delay in lab certificate	All Labs are not operating. Saudi Arabia has approved some labs which are in far off location from the exporter Labs are not coming to draw sample. Since the lab is at far off distance the exporter staff has to travel long distance Since	-

			domestic courier is also not functioning it is difficult to send the samples.	
COVID Challenges/Products				
Documentation issue	-	Earlier issues reported by the exporter regarding Agmark certification are resolved. They still have some issue of COO. They were informed to apply online to DGFT.	Only concern about COO issuance. They were informed to apply online to DGFT.	-
Foreign country issue	-	Vietnam is allowing only two shipments per importer with two undertaking of scanned documents.	The foreign countries keep the product for quarantine at the port of discharge. If it is a trans-shipment it is quarantined at two places, thus causing delay in release of the consignment.	-
Payment issues	No issues, only cost has increased	Manageable with some delay	Manageable with some delay	-

Processed Fruits and Vegetables

Dehydrated Onions	Dehydrated onion exported by country totaled quantity of 72,300MT having value US\$3.5 billion in 2018-19. Top importing countries from India are Germany, USA, Brazil, Russian Federation, UK.
Manpower issue	-Although farmers have been exempted to carry out harvesting and sowing activities allowing inter-State movement of agro products for domestic and international sale, farm labor shortage for harvesting is being faced. -unavailability of manpower (skilled/unskilled for transportation, samplers in labs, cargo handling in ports and in the dehydrated processing units are an issue.
Access to raw material	-The major dehydrated onion processing belt is located in and around Bhavnagar, Gujarat and the raw material procurement of White onions from the farms to the processing units has been a recent matter of concern after the Covid-19 outbreak. White onions is cultivated twice a year as the sowing takes place during May/June & Sep/October followed by harvesting after 5months in Oct/November & March/April respectively. -The availability and distribution of quality seeds required for sowing in the upcoming Kharif season has to be considered. - Also the direct procurement of agri produce from farmers and from local Mandis is another issue as very few Mandis are operational.
Processing issues	-Processing/value addition and storage - White onions are preferred over red and other varieties for processing into Onion flakes or onion powder, on account of high TSS value. Ventilated godowns are required for storage of onions in jute gunny bags. -Treatment /blending/packaging as per the requirement of Importing countries - Supply of imported seeds of improved varieties having high TSS value in adequate quantities needs to be ensured for improving the quality of finished product in order to meet global demand and standards. -Packaging material – Packaging takes place in Polybags (10kg-12kg) as intermediate packs for all forms of dehydrated onion. The functioning of packaging units in the region has been affected leading to shortage in supply of packaging material to the processing units.
Transportation issues	-Shortage of drivers for movement of raw material from farm gate to processing units is being faced. Labour required for loading/unloading of material is also scarce. Transportation is a big constraint from farm to unit and unit to port which is being allowed by issuing curfew passes only.- Transportation to ICD/ Port etc. – the low availability of containers, limited operations of clearing/forwarding agents, CFS in Pipavav.
Laboratory issues	The presence of EIC officer and the certification from the same is required. The collection, testing of samples and issuing of test reports can be carried out if the laboratories in the region are functioning.
Documentation issue	The disruption of domestic and international courier services is posing a constraint in dispatch of essential shipping documents from clearing forwarding agent to exporter and further to the bank and buyer ultimately. The acceptance of scan copies of shipping documents is being taken up with the Indian Embassies in the importing countries.
Foreign country issue	Most of the foreign countries are demanding Covid-19 free certificate for the export shipments from India though Qatar has given exemption. The matter of exemption of Covid free certificate is being taken up with the Indian Embassies in the importing countries.
Banking issues	Banking being essential services is operational and the Overseas services of exporters is being carried out in the respective branches. However due to the disruption in courier services, the mandatory shipping documents like B/L can't be sent from port to banks and banks to buyer's
Payment issues	Efforts are being made to ensure timely receipt of inward remittances from the foreign buyers without any delay to the exporters.
<i>Inputs: Mr. Savji Thanth, Head, All India Vegetables Dehydrated Manufacturer Development Association, Gujarat had highlighted the aforementioned issues during the VC with MoFPI Minister on 09April, 2020.</i>	



India exported Gherkins to 105 countries globally with the total quantity of 213,000 MT export value of 205.64 US\$ million in 2018-19. Top countries that import Gherkins from India are USA, France, Russian Federation, Belgium, Netherlands.

Manpower issue	On account of the present lockdown situation, unavailability of manpower (skilled/unskilled) is an issue faced at Farm level, transportation, samplers in labs, cargo handling in ports and in the Gherkin processing units. Most of the migrant labour has fled to their domicile States hampering the operations at all levels of the supply chain.
Access to raw material	<ul style="list-style-type: none"> -The raw material procurement of Fresh cucumbers from the farms to the processing units has been a recent matter of concern after the Covid-19 outbreak. The major Gherkins processing belt is concentrated in Karnataka followed by Andhra Pradesh and Tamil Nadu. The major gherkins producing districts are Haveri, Bellary, Gadag, Koppal, Tumkur, Chitradurga, Hassan, Chikmagalur, Chikkaballapur, Mandya. The first harvest of Fresh cucumbers begins in mid-June as the crop matures in 35-40days after sowing. Although it's a water intensive crop, it is cultivated all year round. -Farmers are dependent on cucumber seed imports from countries like Holland and present availability of quality seeds is an issue. Gherkins production mainly involves contract farming and presently farm labour shortage for harvesting is being faced. - Although farmers have been exempted to carry out harvesting and sowing activities allowing inter-State movement of agri products for domestic and international sale, the issues still persist.
Processing issues	<ul style="list-style-type: none"> - Processing/value addition and storage – Gherkins are exported in two forms ie. Ready-to-eat and bulk, which needs further processing. All the processing units are mostly 100% EOU. The harvested crop is immediately moved to the factory for processing by adding brine solution or vinegar to ensure best quality. -Treatment /blending/packaging as per the requirement of Importing countries –Processing units follow HACCP certification which is a powerful tool for identifying hazards in any supply chain (rawmaterial procurement, preparation, storage and distribution). -Packaging material – Packaging includes fresh and processed packs, with whole and cut produce in retail packs (glass jars and PET), foodservice packs (pouch and tins) and industrial packs (220ltrs drums and pails). The functioning of packaging units in the region has been affected leading to shortage in supply of packaging material to the processing units. The movement of primary packaging material ie. Cartons/Boxes, Barrels, Bottles, Jars, Tins and other ingredients for processing for export packaging may be allowed for transportation from manufacturer to processing facilities.
Transportation issues	<ul style="list-style-type: none"> -Shortage of drivers for movement of raw material from farm gate to processing units is being faced. Labour required for loading/unloading of material is also scarce. Transportation is a big constraint from farm to unit and unit to port which is being allowed by issuing curfew passes only. -the low availability of containers, limited operations of clearing/forwarding agents, CFS in Chennai
Documentation issue	– The disruption of domestic and international courier services is posing a constraint in dispatch of essential shipping documents from clearing forwarding agent to exporter and further to his bank and buyer ultimately. The acceptance of scan copies of shipping documents is being taken up with the Indian Embassies in the importing countries.
Foreign country issue	Most of the foreign countries are demanding Covid-19 free certificate for the export shipments from India though Qatar has given exemption. The matter of exemption of Covid free certificate is being taken up with the Indian Embassies in the importing countries.
Banking issues	Banking being essential services is operational and the Overseas services of exporters is being carried out in the respective branches. However due to the disruption in courier services, the mandatory shipping documents like B/L can't be sent from port to banks and banks to buyer's
Payment issues	Efforts are being made to ensure timely receipt of inward remittances from the foreign buyers without any delay to the exporters.

Inputs: Mr. Vivek Nayak, President, All India Gherkins Exporters Association (AIGEA), Bangalore had highlighted the aforementioned issues during the

B. Organic Food

<p>Case 1 : Mango processing</p> <p>Total labourers: 250 Minimum requirement : 200</p> <p>Absence of public transport will hinder movement of local labour. The villages are also not allowing people to move out. Unless the Government allows permission for people and allow movement of private vehicles in the absence of public transport it will be difficult to procure mangoes during the coming season starting early May.</p>	<p>Case 2 : Spices, Herbs and Pulses</p> <p>Total labourers: 100 Minimum Requirement : 50 (with 30 unit operates but can't optimize)</p> <p>The raw material supply from farm located in Madhya Pradesh, Kamataka are affected due to less availability of trucks and drivers as they are not willing to take risk.</p>	<p>Case 3 : Rice, Oil seeds, Pulses</p> <p>Total labourers: 200 Minimum requirement : 50</p> <p>With curfew pass, unit is operational, but transport issues in bringing product from farms located in different states to the processing unit.</p>
<p>Case 4 : Herbal Tea</p> <p>Total labourers: 200 Minimum Requirement : 150</p> <p>Issues pertaining to procurement of herbs from different states to processing.</p> <p>The raw materials are sourced from certified farmer groups managed by the exporter or purchased from other certified grower groups. As per standard requirement, all raw materials are certified as organic by any of the accredited Certification Bodies. In order to maintain traceability, each consignment purchased is accompanied with Transaction Certificate which has the details of the product, Lot, packaging, transport. In organic trade as traceability is mandatory, all the suppliers are certified. Each export consignment needs to be trace till the farm level which under existing situation of lockdown is becoming difficult.</p> <p>During harvest, non-availability of migrant labourers in farm and restricted vehicle movement within village may affect harvest. The same issues occur during procurement of the crop from the farm also.</p> <p>The procured crop is brought to the processing unit in d</p>	<p>Case 5 : Processed Herbs</p> <p>Total labourers: 200 Minimum Requirement : 180</p> <p>esignated trucks for further processing. The processed products are packed, Sampling and analysis is done by third party lab or Certification Body based on the risk assessment. Each consignment is accompanied by Transaction Certificate which is accepted by EU, Switzerland and USA. For other countries either NPOP or if the importing country mandates, additional certificate is required which is difficult to obtain in current situation.</p> <p>On Though the accreditation of some Certification bodies and annual certificates of some exporters are being expired during lockdown period, provision has been granted for extension in such cases.</p>	<p>Case 6 : Processed Food</p> <p>Total labourers: 300 Minimum Requirement : 220</p> <p>Since local ladies are involved in cutting, cleaning and packing (Jackfruit) and (cleaning and powdering (Turmeric), only 20% operation is on now. The local ladies are not been permitted to move out of houses for work.</p> <p>Though packing of pulses, Rice are mechanized, cleaning is manually done which again requires more labour.</p> <p>During lockdown period, the raw materials after primary processing are brought from the farms to the nearest cold storage unit managed by the exporter in their own vehicle and are then taken for processing depending on labour availability at processing unit.</p>

C. Rice (Basmati and Non Basmati)



Possible Solutions

Access to raw material

The raw material for basmati rice industry is the paddy. The production season commences by sowing activity in mid June and harvesting is done in October/November. The raw material comes to Mandis from where exporters buy it through auction process. Processing in the mills is a continuous process throughout the year out of stocked paddy.

Manpower issue

The manpower engaged in rice mills varies from unit to unit depending on the overall size and capacity of the unit. It can vary from around 300 persons to around 2000+ persons. But if we average it out it can be in the vicinity of around 750 persons. The manpower is of casual nature. The office staff and manpower in laboratory and Plant management are on permanent rolls of the units. The average number of such people would be 50.

Labour management in lockdown

Currently under the lockdown situation, most off the casual labour have migrated back to their domicile states and it is becoming very difficult to get labour for operation of the units. Whatever labour is available locally and those who have not migrated, is being sourced but the units have to obtain permission for them. As a matter of abundant caution, the rice millers are doing thermal scanning of the entrants before allowing them in. They are also providing masks , gloves , caps and aprons etc for the labour while they are running the mills. Sanitizers are also provided at the entry gate and each entrant has to sanitize their hands before getting in.

Transportation issues

Ever since the lock down commenced, transportation has become a huge bottleneck. This is because many drivers are not available, transporters are also not taking any risks etc. Thus the export activity has been adversely affected. Apart from the above, the unloading /loading labour at ports and CFS are still in deficiency. Container availability is in short supply which is also affecting transportation.

- a) Transportation from Mandi to unit
- b) Storage godowns for paddy for drying before processing
- c) Packaging material – poly bags, hessian/jut bags/ zippers/liners/CFB boxes etc due to lock down all ancillary units of packaging are not running causing difficulty to exporters
- d) Inspection by certifying agencies – this work has been affected since curtailed movement has led to problems in carrying out inspection of consignments
- e) Laboratory testing for MRLs of plant protection products – due to lockdown this job has also got affected
- f) Storage of finished goods i.e. rice
- g) Transportation from factory to ICD/ Port etc.

COVID Challenges for Indian Rice

Laboratory issues	<p>-Laboratories have a crucial role to play in terms of testing of the product for residues of pesticides and this work is not happening smoothly due to lockdown. For countries like Iraq and Saudi Arabia , consignments can not be moved without the Certificate of Conformity (CoC) issued by laboratories</p> <p>-For export of basmati rice to EU EIC laboratories have to inspect, test the product and issue Certificate of Authenticity. This has become a bottleneck for non IPQC units.</p>
Banking issue	<p>This has two dimensions.</p> <p>-Firstly because courier services are not operative, the transmission of export documents from and to Banks and ports is stalled. Because of this banks are unable to execute the work related to export consignments.</p> <p>-The bills of lading are not coming to Banks.</p>
Documentation issue	<p>The lack of courier services is inhibiting relay of Bills of lading from ports to banks and vice versa. Similarly physical copies of Phytosanitary Certificates and Certificates of Authenticity are difficult to secure.</p>
Foreign country issue	<p>There is huge demand for Basmati rice in all destination countries but the bottleneck mentioned above are hindering exports to a significant extent. In Middle East due to Ramadaan, Middle east is keen on supplies from India because this is the peak time which has got coincided with lockdown .</p>
Payment issues	<p>Currently the major payment issue lay with Iran because with depleting accumulations in the corpus with UCO Bank and IDBI Bank further exports are in a state of uncertainty. Iran accounted for 34% share in India's overall Basmati rice export in 2018-19. A safe payment mechanism is desirable for export of Basmati rice to Iran.</p>

D. Animal Products

<p>Access to raw material</p>	<table border="1"> <thead> <tr> <th>Units</th> <th>RawMaterial required</th> </tr> </thead> <tbody> <tr> <td>Meat Processing</td> <td>Livestock</td> </tr> <tr> <td>Poultry units</td> <td>Feed, hatching eggs and chicks</td> </tr> <tr> <td>Dairy</td> <td>Milk collected from farmers</td> </tr> <tr> <td>Honey</td> <td>Raw honey collected from beekeeper</td> </tr> </tbody> </table>	Units	RawMaterial required	Meat Processing	Livestock	Poultry units	Feed, hatching eggs and chicks	Dairy	Milk collected from farmers	Honey	Raw honey collected from beekeeper	<p>Presently no supply of raw material as animal markets are closed.</p>																								
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Product	Small (250 buff buffaloes)		Medium (1000 buff)		Large >1000																															
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Poultry units	100-125	50	150-200	70-80																																
Honey	50-100	25																																		
<p>Banking issues</p>	<p>Bankers are not encashing LCs without submission of original documents</p>																																			
<p>Laboratory</p>	<p>No Issues for meat plants but Poultry exporters has raised the high laboratory fees (Rs. 80,000/-) charged by National Institute of High Security Animal Diseases laboratory in Bhopal for testing for Avian Influenza in poultry products mandatory requirement of some countries to Poultry industry. APEDA has taken up this issue to Ministry of Animal Husbandry.</p>																																			
<p>Documentation</p>	<p>With the intervention of APEDA and EOI, Bahrain and Oman issue of legalization of documents is solved and most of the countries are accepting scanned documents electronically.</p>																																			

Export

- Most of the APEDA registered meat plants are closed after lockdown and because of proximity of sealed identified hot spots by different State Governments, no production activities are going on for processing of meat plants. However, as mentioned by Director, Department of Animal Husbandry, Tamilnadu 60% processing plants of poultry processing plants in Tamil Nadu have started processing but they are also facing of problem of raw material and labour. It was already informed that transportation of feed for poultry and livestock is exempted from lockdown.
- Supply of frozen bovine meat to Egypt, Malaysia, Hongkong, Vietnam, UAE etc. is continuing and from 20th March 2020 (the date of lockdown) till date (10.04.2020), 975 Health certificates for total quantity of 26,800 MT has been exported to these countries.
- Animal Product Division has examined the issue of supply for frozen bovine meat to Indonesia. Indonesian authority have delayed too much in announcing the quota. The quota was announced just one day before the lockdown. Indian govt. has been requesting the Indonesian authorities to announce quota for 2020 as early as possible so that supply may resume in January 2020 itself. As per the press reports available Bulog has admitted delay on their part because they are blaming their ministry for coordination which TOO MUCH TIME took lay approving the quota. Our exporters have already informed them that they will be able to give the supply schedule only after the lockdown is removed. Because a fresh processing has to be carried out for the Indonesian market as per their requirement.
- As discussed with State officers, they have expressed their inability to give permission to operate the plants due to proximity of hotspot for COVID-19 or many plants are closed due to strictness because of location of plant near to hot spots for COVID-19. Supply of live animals to meat plants is totally disrupted because in many villages farmers have sealed their borders and are not coming forward to sale their livestock.
- Courier Services is disrupted but they have started taking documents and samples.

Summary of Challenges

Current and potential impact on the sector						
Parameter	Low	Med	High	Un-known	Comments	
Supply-side						
Price variations of key raw materials	Cereals Vegetables Milk Fruits Agri Inputs	Seafood Meat	Poultry eggs chicken	Industrial Commodities like maize, soy, cakes etc.	Consumer supplies of cereals, pulses, fruits, vegetables, dairy are largely secured as they are part of essential list of government. Inter state food movements are erratic and may impact prices in next few weeks. State policies on transport, e-commerce will decide future price movements. Edible oil prices are expected to go down in the short term due to global down turn in demand. Import dependent agro chemicals, and fertiliser sector may see some volatility in the long term. Industrial supply of agri-commodities are expected to be normal in short term but long term impact will be known only after three to four months, once first Kharif sowing reports are out.	
Production shutdown	All essential food processing units		Bakery, Confectionery, QSR, Ice cream		Majority of food processing units are not impacted except for ice cream, Quick Service Restaurants (QSR) based food supplies etc. Government needs to ensure prioritisation of food categories under essential list. Rabi season harvest for wheat, rice and pulses may get impacted due to restriction and/or unavailability on inter state movement of labour force and agri machinery. Recent announcements from State and Central governments should ease the situation in the coming weeks.	
Cash flow constraints	All essential foods		Food delivery, online grocery		Largely not impacted except for e-commerce based food delivery platforms that have constraints. Procurement and marketing of Rabi season commodities will decide future prices for consumers and industries. RBI stimulus will help the industry in the short term.	
Supply chain disruption	Vegetables, Milk, Fruits etc.		Poultry eggs, chicken		Supply chain seems to be the big challenge as several states are evolving their strategies for food supply chain. Highly perishable items like vegetables and dairy have smooth flow of goods. No or low demand for poultry products due to fake social media propaganda. Non-essential foods are restricted as of now.	
Labour force			Seasonal food processing like seafood, mango etc.		Inter-state movement of labour needs to be allowed for both primary agriculture and food processing sectors. Seasonal Industries like Mango, seafood etc. need support on labour availability. While the Ministry of Agriculture has released clear guidelines, percolation to state and district officials, clear briefing to Police departments is missing.	
Imports (if applicable)	Consumer edible oils	Agro chemicals	Industrial oils, fats		Edible oils are major imports and this may not have any impact in the short term. Agro chemical companies depending on import of raw ingredients will face issues.	

Demand-side				
Lockdown / restrictions impact	Agri inputs, food processing		Online food delivery, grocery etc.	<p>Agri inputs - No impact since classified as essential.</p> <p>Food processing - No impact except domestic poultry industry and export items like tea, rice, meat, spices, seafood etc. due to demand contraction.</p> <p>E-commerce - Heavy impact due to unclear policies of the states. This should ease once state government clears hurdles for deliveries.</p>
Consumer sentiment			Poultry, meat	At the moment, no discernible impact. Demand for meat products may see jump once restrictions ease as alternative channels (QSR) are closed.
Exports (if applicable)			Seafood, meat, rice, tea, spices	Food categories like tea, meat, spices, seafood that are exported to U.S., Europe, China are impacted heavily due to both decrease in demand and domestic supply chain issues.

SECTION

iii

COVID-19 Impact Assessment of challenges on Agri Supply Chain

Challenges as witnessed in Section II suggests that the impact of these supply chain issues will be felt widely, but unevenly. India has shut down the economy to slow the spread of the coronavirus. Supermarket shelves remain stocked for now. But a protracted pandemic crisis could quickly put a strain on the food supply chains, a complex web of interactions involving farmers, agricultural inputs, processing plants, shipping, retailers and more. The shipping industry is already reporting slowdowns because of port closures, and logistics hurdles could disrupt the supply chains in coming weeks.

Farm operations may be spared the worst, while small and medium-sized enterprises (SMEs) in urban areas will face significant problems. Government will have to develop policies to respond to these varied impacts to avoid supply chain disruptions, higher food prices, and severe economic fallout for millions of employees. Likely effects of COVID-19 on Food Supply Chain (FSCs) are expected to vary at these levels

- **Direct impacts will overwhelmingly be felt post-farm.** Namely, the “midstream” (e.g., wholesale, logistics, and processing), and “downstream,” in food-service enterprises.
- **The impacts are likely to be largest in dense urban and rural peri-urban areas.** Given the properties of the novel coronavirus, which is transmitted most easily via human contact, greater population densities tend to facilitate its spread.
- **Effects will be strongest in the downstream segments of retail and food service.** These downstream firms are mostly informal-sector SMEs, and are thus labour-intensive with high densities of workers in small spaces. They have little control over the hygiene practices of their product suppliers or customer habits.

- **Retail and food service firms in modern FSCs face fewer problems.** They are far less vulnerable to mandatory business closures, and also face a lower risk of clients and employees contracting the disease. The least affected are likely to be supermarket chains. Their stores can enforce the flow of entering customers and social distancing measures. Supermarkets and fast-food chains also have more control over the food safety and hygienic practices of their FSCs, as they typically vertically coordinate with contracts and private standards (Swinnen 2007).
- **Direct impacts on farm population and farm production will be much smaller than on the FSC downstream and midstream.** This is because most small farmers in developing countries rely on family labour. The farm sector, however, will be affected indirectly by COVID-19 through the disruption of input supply chains, and of consumer demand due to lost income and other economic impacts of the pandemic.
- **COVID-19 is likely to increase food prices,** both as a cause and consequence of food shortages. Restrictions on FSC logistics will increase transaction costs and thus consumer prices. Speculative hoarding may occur and trigger price increases. Higher food prices are, in turn, likely to signal impending shortages. These effects can compound each other in a vicious cycle likely to cause social unrest.
- **COVID-19 responses will create economic hardship.** Enforcing social distancing and limits on internal and external logistics in FSCs, will transform health risk problems into income and employment risks, and political risks.

SECTION iv

COVID-19 Opportunities versus Threat for Indian Agro Trade

At the onset of the COVID-19 outbreak, there has been a significant increase in demand. Food demand is generally inelastic and its effect on overall consumption will be likely limited, although dietary patterns may alter. There is a possibility of a disproportionately larger decline in animal protein consumption (as a result of fears – not science-based – that animals might be hosts of the virus, and other higher-valued products like fish, fruits and vegetables (which are likely to cause price slumps). These fears can be particularly true for raw fish products supplied to restaurants and hotels, including small and medium enterprises.

Food demand in poorer countries is more linked to income, and, here, loss of income-earning opportunities could impact on consumption. Fear of contagion can translate in reduced visits to food markets, and we expect to see a shift in how people buy and consume food - lower restaurant traffic, increased e-commerce deliveries (as evidenced in China), and a rise in eating at home.

While on one hand when Corona virus has become a global issue from health perspective; it has equally passed on its trickle-down effect on the global economy. Having been emerged from China, which is now seen as a possible threat, the global procurement preferences seem to be shifting in favour of countries like India bearing huge comparative advantage in agricultural production. Also, for certain agro commodities where USA and EU were the prime competing suppliers, much serious impact of COVID-19 and the greater business recession in these economies have been witnessed. All encompassing, it is expected to bring up immense export opportunity for India as against global competing suppliers.

On the other hand it might also bring in challenge for sectors which are import dependent on China wherein Indian companies had to immediately look for reducing their import dependence on China and look for alternate sources.

Evaluating the China Factor



SWOT LEADS TO THESE PERTINENT QUESTIONS



Sectoral impact



COVID-19 BRINGS EXPORT OPPORTUNITY FOR INDIAN AGRO EXPORTS

In few countries, there is likely to be increased in demand of agro products such as groundnut in Indonesia, Thailand etc, Vegetables, Fruits in Middle east, Non basmati rice in Africa Philippines etc.



COVID-19 BRINGS EXPORT OPPORTUNITY FOR F & V EXPORTS

- Import demand of fresh fruits, vegetables, onions, grapes, Banana, turmeric, garlic ,etc. to Gulf Countries is increasing in view of restrictions of movement of goods from Asian , EU and US. (Details explained later)
- In the COVID-19 crises, deputation of foreign inspectors for pre clearance program has been exempted for Japan. Similar exemption has been sought from USA which might boost the export of mangoes
- Similarly, exemption to physical presence of Quarantine inspectors at site in the case of Mango export to USA and Japan is also an opportunity for exports.
- To be able to clear shipments, exemptions of physical copies of documents has been sought from Thailand, Indonesia, Singapore, Malaysia , Philippines and Russia so far.



COVID-19 BRINGS EXPORT OPPORTUNITY FOR CEREALS

- The markets in Africa such as Syria, Burkino Faso and Guinea Bissau which are presently supplied Rice by China are likely to source their requirement from India once their stock levels start depleting. As per feed back received from the trade some exporters have already started receiving orders from some of the African countries.
- Exports of Wheat to Afghanistan – Embassy of India, Kabul, Afghanistan has informed that the Government of Afghanistan has approached us for procurement of up to 150,000 metric tonnes of wheat from India on G-2-G basis, to tide over the shortages in Afghanistan. APEDA has requested DoC to nominate one of the State Trading Enterprises such as STC, MMTC, PEC etc. to execute this order and avail this opportunity.



COVID-19 BRINGS EXPORT OPPORTUNITY FOR INDIAN RICE TO NEWER MARKETS

- Depleting stock levels in rice importing countries like Philippines, Malaysia, Indonesia and whole of Africa present an opportunity to increase non basmati rice exports. For instance, import demand for rice in Philippines expected to increase to 3,00,000 mts post July 2020.
- Exports from competing suppliers including Vietnam has been temporarily stopped due to COVID-19 crises giving opportunity for India and Pakistan.
- In light of this requirement, India expects to receive benefit of ASEAN tariff rate.
- Action India:
 - India may plan and start preparations for export of required quantity from India on G-2-G basis to Philippines.
 - In this regard a special proposal developed by EP Agri Division of DOC for G2G exports of Rice by one of the State Trading Enterprises for execution of the likely order to be received for availing the opportunity to be created is reported to be pending for clearance with the Ministry of Finance. After nomination of the agency, the agency can start the required preparations for export in advance.



Processed Food

Export of processed food such as Groundnuts, Dehydrated vegetables (Onions and Garlic) and ready to eat products due to disruption of export from EU,US and China to Gulf, ASEAN ,Japan Korea and US is an emerging opportunity for India.



COVID-19 EXPECTS TO BOOST ORGANIC PRODUCT EXPORTS

- COVID-19 threat promotes shifts in consumer demand to healthier and safe food thus expecting the boost in the consumption demands for organic food. This would be much prevalent in our traditional markets of the USA, EU and some badly COVID hit Middle Eastern economies including Iran.
- This increased demand is expected to reduce the stringency of certifications and compliances. In countries like EU, USA and GCC countries.
- Many countries who were sending their inspectors like Japan, US, South Korea for Mangoes may not insist now and accept protocol of India NPPO.
- Dependence on physical documents and physical movement of personnel will be reduced internationally and scanned copies, digi sign etc will reduce burden.



ADVANTAGE INDIA: COVID-19 FACTOR











Apart from the broader perspective on impact of COVID on Indian agro sector, this section highlights specific trade opportunity which falls in favour of India vis-à-vis China and other COVID hit competing countries. In light of the fact that the worst hit economies are China, USA, EU, Middle East (Iran) and Australia too to certain extent, it's time to devise a suitable short term as well as long term strategy depending on the opportunities at hand.

This section hence has brought forward a detailed analysis of agri exports wherein India seems to have a decent export strength which can further be exploited in light of competing countries at back foot for the year 2020-21.

India already has a decent hold on the export market share for spices, rice and groundnut as against China. Hence focusing on the export clusters of these products as identified in our Agri export policy; on priority basis should be the short term strategy. However for export potential items including fruits, tea, lac and gum, China has been a dominant global player. India having a decent production potential for these commodities should now expect to have bigger global orders in light of Chinese COVID scare.

Appreciating the fact that USA, EU are also the worst hit economies, certain advantage for India lies in for commodities including vegetables, poultry products, dairy products and buckwheat.

SWOT COVID (GLOBAL SHARE VERSUS INDIA)

Product/Sector	China	India	Other COVID hit countries apart from China	
	4.2%	1.2%	USA (11.7%), Spain (8%), Italy (3.2%), Australia (1.3%)	Green
	14.1%	1.6%	Netherlands (10.5%), Spain (9.6%), USA (6%), Italy (2.4%)	Yellow
	22.9%	9.8%	USA (1.6%), Srilanka, Kenya, Nepal	Yellow
	3.3%	1.1%	USA (10.6%), Germany (7.1%)	Green
	11%	4.5%	Germany (6.2%), Spain (4.7%)	Yellow
	3.4%	3.5%	USA (11.4%), France (5.8%), Netherlands (4%), Germany (3.4%)	Green
	19.6%	13.7%	USA (8.9%), Germany (6.8%), Spain (5.8%), Italy (2.6%)	Yellow
	10%	32%		Orange
	3.4%	28.2%	USA (6.5%), Italy (2.3%)	Orange
	11.3%	18.5%	USA (18.4%)	Orange



Immediate advantage for India due to China fall



Advantage to India against other COVID impacted countries



India already doing good. Time to strengthen.

COVID -19 Global coverage: opportunities versus threat for Indian agro exports

➤ **OPPORTUNITY FOR INDIAN POTATOES DUE TO THE TRADE RESTRICTIONS ON CHINA**

In the wake of the Covid-19 outbreak, the Centre has identified potato as one of the many goods, which Indian exports could benefit from trade restrictions against Chinese exports. There may be opportunities for Indian exporters of agri-items, in case some countries impose restrictions on Chinese goods in response to outbreak of COVID-19. Opportunities may arise in case of other countries imposing import restriction on these tariff lines. The finance ministry has submitted a proposal to analyse the government's response to global supply chain disruptions due to Covid-

19. According to our analysis, India has the benefit to fill the demand gap experienced by countries which rely on China mainly for the import of Potatoes.

➤ **INDIAN EXPORT BUSINESS OF BANANA HIT HARD BY COVID19 OUTBREAK IN EU, WEST AND SOUTH EAST ASIA**

Exports of major agricultural perishable products from India has been hit due to the worsening coronavirus outbreak in the European Union (EU), West Asia and South-East Asia. There are many challenges faced major being disruptions in logistics, both ship and air. Also, banana prices at the farms in Maharashtra and Andhra Pradesh have fallen by 30% within two weeks. It needs to be ensured that documentation work in Indian ports continues and truck movement for perishables should not be impacted by internal restrictions.

➤ **EUROPEAN UNION RELAXES FRUIT IMPORT RULES WHICH INCREASES EXPORTS FROM INDIA. BUT THERE IS DECLINE IN EXPORTS TO US AND JAPAN**

The European Union has eased rules for import of fresh fruits such as mangoes, bananas, grapes and oranges from India. The physical certificate assuring food safety, and animal and plant health standards is no longer required. Instead an online certification issued by relevant authorities of exporting country will be enough. This relaxation comes because of global trade disruptions due to the spread of the Covid-19 pandemic. This has benefitted the Indian banana export industry. However, exports to the United States and Japan will suffer as they send inspectors before finalising their orders. But their inspectors are not coming due to the travel bans. So, there are no export orders from these countries. Similar measures as EU should be adopted by these countries to benefit the export industry.

➤ **CORONAVIRUS IN IRAN TAKES A TOLL ON BASMATI EXPORTS, DOMESTIC PRICES FALL**

Due to outbreak of COVID-19, Nowruz festival has been cancelled in Iran, Iraq and Pakistan, which has been a big blow to the Indian Basmati Rice Exporters in addition to the losses faced due to the US-Iran standoff. In this scenario of decreased number of Middle East Importers, Brazil can be seen as an alternative for the Indian Exporters.

Indian exports have also been hit by lack of container availability in India, delayed payments for shipments to Iran and decrease in Iranian buyers' deposits in Indian banks, due to decrease in Oil purchases by India from Iran. Shift of Indian focus from Basmati Rice to Medicines, masks and medical supplies in the wake of Coronavirus Outbreak has been speculated by the Iranian Importers.

➤ **EUROPE BASMATI RICE MARKET ATTAIN A MARKET SIZE OF \$615 MILLION BY 2023**

Indian Basmati Rice Exports has been increased in European countries like Germany, Poland by the increased rice consumption. However, the exports may be restrained by the European Union's stringent Pesticide norms. The alternative markets of the UK and Netherlands can also be considered by the Indian Exporters.

➤ **NETHERLANDS FLOWER SECTOR WILTS AS CORONAVIRUS HURTS BUSINESS**

Netherlands, often known as world's blossom trade capital. The Netherlands accounts for nearly half of the world trade in floriculture products and 77% of flower bulbs sold globally. Top destinations usually include Germany, the U.K., France and Italy. The Dutch exports overall are valued at \$6.7 billion and the sector accounts for about 5% of the country's gross domestic product. The coronavirus has grounded deliveries and shipments of all the flowers. And now the Dutch government has banned public gatherings of any size until June. People are hardly buying flowers right now. The Demand for Flowers is near zero. The country's largest cooperative of growers, which sells some 12 billion plants and flowers each year. The revenue has dropped by 85% since last month. The Netherlands isn't the only country whose flower sector is suffering. Kenya and Ethiopia are also important producers of flowers. In Kenya, flowers are the second-largest source of currency after remittances. Seventy percent of cut flowers from Kenya are sold to Europe, most through an auction in the Netherlands. Another issue that compounds on going crisis is shelf life of flowers is very short hence there is no question of stocking. Amidst this crisis wherein major exporters are facing supply crunch, Indian exporters can rapidly capture the European market to fill the gap.

➤ **KENYA SEES 2020 FLOWER EXPORTS FALLING BY HALF ON CORONAVIRUS**

Kenya's flower industry, the largest exporter of blooms to Europe, is staring at a disaster if disruptions caused by the coronavirus pandemic continue on for long time. Farms in Kenya are exporting only 20% of the 60 tons of cut flowers that they would normally send daily to markets including the U.K., the Netherlands and Germany. Europe, seeing more Covid-19 infections and deaths than China, it has become the epicenter of the virus with countries ordering lockdowns and closing borders. This has hit supply chains for trading partners including Kenya, whose roses are popular at events including royal parties in the U.K. Almost the entire market has collapsed since industry is on lockdown. The number of flights in Kenya reduced slightly in February from the previous month while the volume of cargo airlifted dropped 14%. If the situation continues, Kenya's flower export earnings could drop by about half to 60 billion shillings (\$571 million) or lower this year. Kenya being one of the major player in flower market could significantly hit the supply of fresh flowers. Indian exporters could exploit this gap and increase their market share in world trade.

➤ **CORONAVIRUS EPIDEMIC: GROUNDNUT EXPORTS TO CHINA COME TO STANDSTILL**

Groundnut import orders from China have come to a standstill due to the coronavirus outbreak there. India's groundnut exports jumped by a staggering between April and December 2019 as compared to corresponding period last year. Due to ongoing US China Trade war and short supply in China, there has been increase in Indian exports. Also reduced supply from USA and Senegal has led India export increased quantities of groundnuts to China and Far East countries. Also, orders from Vietnam which is 3d largest importer from India has dried up. Due to this reason, farmers are trying to sell groundnuts in domestic markets to liquidate the stock.

➤ **EXPORTS OF WHEAT TO AFGHANISTAN**

Embassy of India, Kabul, Afghanistan has informed that the Government of Afghanistan has approached India for procurement of up to 150,000 metric tonnes of wheat from India on G-2-G basis, to tide over the shortages in Afghanistan. The opportunity emerged in this regard needs to be tapped.

➤ **EXPORTS OF WHEAT TO EGYPT**

Embassy of India, Cairo has informed the requirement of 800,000 metric tonnes of wheat from India on G-2-G basis, in Egypt. The opportunity emerged in this regard needs to be tapped.

➤ **EXPORTS OF RICE TO INDONESIA**

Embassy of India, Jakarta has informed the requirement of long grain broken rice in Indonesia. The opportunity emerged in this regard needs to be tapped.

➤ **EXPORTS OF RICE TO PHILIPPINES**

Embassy of India, Manila has informed that 3,00,000 MTs of Rice is likely to be imported by Philippines. Embassy of India has intimated that since Vietnam has stopped exports of Rice on account of her own requirements due to COVID-19, it is expected that there will be a requirement for import of rice in Philippines. The requirements will be for the second half of the year (starting July) giving India sufficient lead time to supply up to 300,000 tonnes of rice as is targeted. A possibility for G2G trade needs to be explored.

➤ **THE TABLE GRAPE INDUSTRY IS IN UNCHARTED TERRITORY RIGHT NOW**

The table grape industry has seen an uptick in demand in the past weeks with substantially increased retail demand due to the COVID-19 pandemic. However, opportunity for Indian Grape exporters come in due to the Chilean and Peruvian grape seasons being winding down with their decreasing weekly volumes. With the lower volumes but increasing demand, the cold stores are rapidly being depleted and spot market pricing is expected to continue to increase. If movement continues at this current pace, it is likely to see table grape supplies from competing countries drying up by the third week of April.

➤ **COVID-19: EU RELAXES FRUIT & VEGGIES IMPORTS; NO ORDERS FROM US**

The European Union has eased rules for import of fresh fruit and vegetables from India. It has done away with the requirement for a physical certificate assuring food safety, and animal and plant health standards. Now, an online certification will be enough. The relaxation comes in the wake of global trade disruptions due to the spread of the Covid-19 pandemic. Netherlands, Russia, UK, Bangladesh and Germany are the major export destinations. Grapes, pomegranates, mangoes, bananas and oranges account for a large portion of fruits exported from the country, while onions, potatoes, tomatoes, and green chilly are major contributors to the vegetable export basket.

➤ **GLOBAL IMPACT OF CORONA VIRUS ON FRESH POMEGRANATE**

The recent pomegranate season ended in India with lower volumes. However, for the next season, which starts in June, a great yield (+30%) is expected thanks to the monsoon. The main market for the pomegranate seeds is Western Europe. Due to the coronavirus, Indians expect a greater demand for pomegranate seeds, since they are rich in antioxidants. However, the logistics is becoming a major challenge, because air freight is hardly possible. This could have effects on the logistics chain in India.

➤ **OPPORTUNITY FOR INDIAN MANGOES IN KOREAN MARKET IN COVID CRISES**

South Korea has placed a huge amount (~4000 tones) of order for mango imports from Cambodia. The type of mango they ordered for import is Keo Romeat. 1st shipment from Cambodia was made in Jan'20 which gained popularity in South Korean Market and people asked for more such variety. The company who is ordering from South Korea is Hyundai Agro. From India's perspective Korea imports more from India than Cambodia, so this is a chance for Indian players to capture the opportunity.

Some of Indian export market countries are very much affected by COVID-19 like UK, USA, France, China, Germany for which a new market will be required unless those countries recover quickly. Whereas the import countries of Korea don't have much affected countries so it's import might not get affected.

➤ **INDIA CAN GAIN FROM HIGH PRICE OF CHINESE ONIONS**

India had an onion shortage last year because major production areas suffered from drought. Chinese onion export to India consequently increased but same is not the case this year, the market doesn't look good. Price of onions this year is around 300 USD which was barely 142 USD at this time last year. The onion price is so much higher than last year because onion reserves from last production season are running out in China. Main market for Chinese onions is USA and Canada which will see drop this year because of increase in price. The dried shallots which China exports to USA comes from Myanmar. To be particular, the production of red onions is very well but not of yellow onions. Good thing about China is that it has all the different varieties of Onions in terms of sizes, the smaller ones which is popular in USA and larger ones which is popular for local consumption as well.

➤ **DUTCH ONION SALES IN HIGH GEAR DUE TO COVID-19 AND APPROACHING RAMADAN**

Recently the Dutch onion market has shifted from relatively boring in to top performing. Onions are always there in the Dutch market. It wasn't expected that a virus could have such an impact. People are now staying at home and using onions who usually go out to a restaurant. At present, all the sorters at the Netherlands are running at full capacity. And the onion farms parking areas are all full of trucks. People, all over Europe, have taken to hoarding onions. And it seems everyone has been advised to buy onions and garlic. Coronavirus is not the only reason behind rising exports but because of approaching Ramadan. It is expected that most of the automated onion processing plant in the Netherlands will be put to use to meet the surge in demand.

Trade Policy Changes in Global Markets in light of COVID-19

- **Russia**

On April 3, 2020, Mikhail Mishustin, Chairman of the Russian Government, signed Decree # 445 "On amendments to the list of food products from foreign states that are restricted for procurement for state and municipal needs". This Decree adds imported cucumbers (HS 0707000506) and tomatoes (HS 0702000006) to the list of products specified by Decree # 832 dated August 22, 2016, "On restricting access of some food products from foreign states (other than the EAEU states) to procurement for state and municipal needs". It includes the following food commodities:

- 1) Fresh and frozen fish products (HS 0302,0303);
- 2) Prepared or preserved fish; caviar and its substitutes (HS 0304, 1604);
- 3) Fresh, frozen, processed, preserved crustaceans, shellfish and other aquatic invertebrates (HS 0306,0307);
- 4) Salt (HS 2501 00 91);
- 5) Iodized salt (HS 2501 00 911 0);
- 6) Beef chilled or frozen (HS 0202);
- 7) Veal chilled or frozen (HS 0202);
- 8) Pork chilled or frozen, also for baby food (HS 0203);
- 9) Cattle sub-products chilled or frozen (HS 0206);
- 10) Cattle meat (beef and veal) frozen, also for baby food (HS 0202);
- 11) Frozen pork meat, also for baby food (HS 0203);
- 12) Frozen poultry meat, also for baby food (HS 0207);
- 13) Frozen poultry sub products (HS 0207);
- 14) Dried and freeze dried milk and cream (HS 0402);
- 15) Butter (HS 0405);
- 16) Butter spreads (HS 0405 10 190 0);
- 17) Cheeses, cheese products and cottage cheese (HS 0406);
- 18) Husked rice (HS 1006 20);
- 19) White sugar made of beetroot or cane (HS 1701);
- 20) Refined sugar made of beetroot or cane (HS 1701 199 1001);

In response to the COVID-19 epidemic and in order to ensure the agricultural security of Russian citizens, the Russian Government decided to impose a quota in the amount of 7MMT to limit exports of certain grains. The quota will be in place from April 1-June 30, 2020 (which marks the end of the current marketing year for grain).

- **Vietnam**

Vietnam's government approved a plan to export 400,000 tonnes of rice in April after rice exports were previously suspended and another 400,000 tonnes in May. The quantity of rice export reduces by 40% in comparison to the same period in 2019. National rice reserve is added by 700,000 tonnes as the normal level. Prime Minister highlighted that rice exports must be controlled to ensure food security for 100 million Vietnamese in the current context. The Ministry of Agriculture and Rural Development accelerate agricultural production to guarantee food balance. The Minister of Industry and Trade to submit a report on rice export to the PM before April 5 which must ensure that domestic consumption demand will be met in any case, especially amid the adverse weather conditions and the COVID-19 pandemic. The Finance Ministry was assigned to buy 190,000 tons of rice, 90,000 tons of unhusked rice or more for stockpiling in accordance with the national reserve target in 2020 as approved, thus meeting demand in contingency cases.

- **Switzerland**

Switzerland maintains (compulsory/strategic) minimum stocks of food for 3-4 months; latest available figures for stocks are: 63,000 tonnes of sugar, 160,000 tonnes of white flour for bread, 33,700 tonnes of cooking oil (a fifth of which is for salad dressing and mayonnaise), and just under 400,000 tonnes of specialist feed for its dairy industry in reserve.

- **Afghanistan**

The government has also taken steps to replace wheat imports lost due to border closures with Pakistan with purchases from Central Asia. The government has allocated USD 25 million in the budget to cover immediate expenses related to the epidemic

- **Panama**

Procedures have been established to speed up the implementation of an import quota of 230,000 tons of rice.

- **Qatar**

On March 15, 2020, as part of the stimulus package, the Ministry exempted all food and medical products from the five percent customs duties for a period of 6 months. This relief must be applied to the final selling price offered to the consumer.

- **Honduras**

The government has announced an export ban for red beans, to protect the domestic supply.

- **Eurasian Economic Commission (EEC)**

On March 31, 2020, the Eurasian Economic Commission (EEC), which is the regulatory body of the Armenia-Belarus-Kazakhstan-Kyrgyzstan-Russia Eurasian Economic Union (EAEU), issued EEC Collegium Decision No. 43, introducing a ban on exports from the EAEU of a number of food products, most notably sunflower seeds and soy beans, as part of the EAEU coronavirus pandemic response. The export ban will come into effect on April 12, 2020, and will last through June 30, 2020. The ban would mostly affect Russia, which is a large exporter of sunflower seeds and soybeans.

- **Algeria**

COVID-19: The government announced a ban (temporary suspension) on the export of any strategic product until the end of the pandemic. The Government of Algeria reports that Algeria has enough food stocks to meet domestic food demand through the beginning of 2021, although demand for semolina and flour have surged since the beginning of the COVID-19 outbreak.

The Directorate General of Customs published the list of tariff subheadings for products temporarily suspended from export until the end of the health crisis. Included on the list are semolina, flour, pulses and rice, pasta, vegetable oils, sugar, coffee, mineral water, tomato paste, milk and milk powder (including those intended for children), vegetables and fresh fruits. The list also includes meats

- **Ukraine**

Ukraine introduced export restrictions for wheat at 20.2 million metric tons (MMT) until the end of marketing year (MY) 2019/20.

- **Timor-Leste**

The Government response so far is to initiate an international procurement of 3,800 MT of rice through their national logistic center.

- **Morocco**

On March 27, 2020, the Government of Morocco extended the import duty exemption on common wheat until June 15, 2020 to ensure adequate supply and maintain low prices in the local market. On March 27, 2020, the government of Morocco suspended customs duties on durum wheat, lentils, chickpeas, beans and dry common beans. This measure will take effect starting April 1, 2020, and continue until further notice. The decision aims to provide regular and affordable supplies of durum and legumes during Morocco's ongoing drought and also in preparation for the month of Ramadan.

- **Kazakhstan**

Beginning on March 27, Kazakhstan implemented a number of export restrictions on staple food products, including some products for which Kazakhstan is an important regional supplier. In particular, wheat and wheat flour are subject to export quotas, while many vegetable and oilseed products are prohibited for export. Kazakhstan has established a monthly export quota of 200,000 metric tons (MT) for wheat grain and 70,000 MT of wheat flour.

- **Bhutan**

The Bhutan government banned the import of Doma (betel nut) and Pani (betel leaf) in addition to fruit, vegetables and meat in an attempt to curb the spread of coronavirus in the country. In the wake of coronavirus pandemic, the Himalayan kingdom of Bhutan has closed down all its international borders with India.

- **Samoa**

Fishing boats are barred from the Apia Wharf as of 26 March until further notice. This could disrupt access to tuna. Street food vending barred. International arrivals barred, could disrupt demand/purchase of local produce.

- **RWANDA**

Ministry of Agriculture and Animal Husbandry announced that big factories, cooperatives which have large farms and employing many workers, especially those owning tea and coffee, sugar, milk, rice, and flour factories, are requested to retain a few workers who can sustain the farm and factory activities.

- **Kyrgyzstan**

A temporary ban for export of certain types of food products from Kyrgyzstan has been introduced. This list includes: wheat, wheat flour, vegetable oil, sugar, eggs, rice.

PART V

Strategic recommendations

Following the outbreak of coronavirus, countries around the world have started to implement a number of policy measures aimed at avoiding the further spread of the disease. At this juncture following are the recommendations to minimize the impact of subdued activities due to lockdown for developing countries including India; as stated by Food and Agricultural Organisation (FAO).

- **Attention on immediate food needs of vulnerable populations.**
 - Food distribution to the most vulnerable families
 - Increase in social protection programs
 - Exemption from taxes on basic food for families with school-age children, especially for workers in the most affected economic sectors
 - Delivery of fresh food from local farmers and fishers/fish workers;
 - Use of digital tool (georeferenced applications) to improve communication on access points for food deliveries, distribution times, and measures to reduce the risk of COVID-19.

- **Thrust on Social Protection Programs**
 - Transfer amounts to people from social assistance through a one-off payment
 - Providing complementary entitlements to offset loss of income by small-scale producers: if food insecurity becomes extremely severe due to massive layoffs, fall in remittances etc.,
 - Exploring the use of food banks could be an option – through not only direct provision of food by government, but also donations from individuals,
 - Solidarity networks, non-governmental organizations;
 - Enabling mobile payment systems to prevent disruptions in delivery of cash entitlements due to restrictions on movement;
 - Injecting funds in the agricultural, fisheries and aquaculture sectors, for example through a grant facility, can help food- Micro, Small & Medium Enterprises, casual laborers, and salaried staff that cannot work to stay afloat, temporarily, while all business stops.

- Focus on efficiency enhancement and reduction of trade-related costs

- Not impose measures that would restrict trade and mobility of commodities;
- Reduce food waste and losses;
- Resolve logistics bottlenecks;
- Immediately review trade and policy options and their likely impacts;
- Avoid generalized subsidies for food consumers;
- Reduce restrictions on use of stocks;
- Reduce import tariffs when governments think it is appropriate to minimize, for example, when there is an increase in costs because of devaluation of their currencies and other restrictions;
- Temporarily reduce VAT and other taxes; if needed,
- Review taxation policy to imported goods to compensate for potential cost increases (because of exchange devaluation) and assess exchange devaluation's potential impacts.

Overall, avoiding any trade restrictions would be beneficial to keep food and feed supplies, as well as those of agricultural and fishery inputs, from worsening local conditions already strained by COVID-19 response measures. It is also important that bolstering food security is on the agenda of the more affluent countries where COVID-19 cases are currently most intensely reported. In some cases, lockdown measures could severely impact the incomes of the most vulnerable.

Policy makers must monitor trends and take care to avoid accidentally tightening food-supply conditions, something that China has managed so far with creative and adaptive methods

Digital technologies have a role to play in anticipating problems and smoothing temporary shortages as well as building the resilience of food chains to avoid similar occurrences in the future. New technologies could facilitate the interface between supply and demand, which would be of great value to highly perishable goods (like fruit, vegetables, fish and aquatic products).

Sectoral Recommendations

Fresh Fruits, Vegetables and Processed Food Sector

- Some of the major export industry members are getting export orders but wish to enlist the incentives/ relaxation of export obligations and quick disposal of certifications required as essential documents.
- Although Government has announced export of goods under preferential treatment to be exported without such certificates and has allowed claims of PTAs FTAs after the normalcy. It still needs a negotiation with all countries where India has a PTA/FTA/CECA and CEPA agreements.
- Air Freight negotiations with Private Airlines and using Air India flights for Cargo is another opportunity which Government can support at this Juncture. Freighter service with financial support will help in evacuation of fresh produce from production clusters to few important markets such as Gulf Countries, UK etc.
- The demand of Exporters for exemption of Physical Documents from all the major destinations i.e Thailand, Indonesia, Singapore, Malaysia, Vietnam etc can be addressed with mutual agreements.
- MEIS may be raised up to 10% for the continuity of export of perishables.
- TMA rationalisation for Air freight and other direct incentives are sought to overcome the impact of COVID 19 on export competitive prices.

Animal Product Sector

- It is proposed to increase MEIS to more tariff lines including buffalo meat.
- Increasing percentage of MEIS in case of few commodities such as poultry and dairy who have suffered a lot due to COVID-19.
- Continuation of interest subvention scheme upto 5% for both merchant and manufacturer exporters.
- Increase in the tariff line for TMA scheme and increase in the cap from Rs.21,000/- to Rs.40,000/-.
- Requesting Civil aviation ministry to intervene in rationalization and containing increase of freight.
- Easy and hassle-free availability of containers be ensured.

Cereal Sector

- Smoothing of operations at ports like Mudra where the trucks containing Rice for loading to ships are stranded for want of labour.
- Restoration of MEIS benefits to the Rice exporters – MEIS @ 5% was available to Non Basmati Rice exporters which was withdrawn from 26.3.2019. The same is recommended be considered for restoration and all kinds of Rice may be included in the same.
- Supply of Rice under OMS held by FCI for exports at price of Rs. 2000/- per quintal.
- Waiver of interest charges during lockdown period
- Liquidation of packing credit limit and extending deadlines of forward contracts till 30.6.2020.

Other measures proposed

Fiscal/Financial measures

- Extension of Interest Equalization benefit of the current scheme which is valid only upto 31st March 2020 in tune with the validity of FTP. The current scheme is applicable to the MSME sector only. The extension of the scheme may be considered across all Agri Sectors irrespective of the status of the industry in view of the prevailing global scenario due to Covid-19 and its severe impact on trade, at least to a reasonable period till the situation normalizes.
- Presently several countries banks (Iran, Saudi Arabia, Kuwait etc) are shutdown or are working at lower strength and efficiency which is going to have impact in transactions, therefore, there is all possibility that the exporters may not be able to close their accounts for 2019-20 within the stipulated period since foreign remittances would be delayed, hence, extension period for closure of accounts may be considered.

- In view of the delay in inward remittances from importers side, exporters are facing difficulties in repayment of interests to banks. Hence, due to such circumstances, a view needs to be taken for relaxing interest repayment system till the situation improves.
- As the containers will now be under extended used by exporters due to enhanced period of quarantine, relief in logistic costs like freight equalization etc. which can be considered under TMA scheme across all agri sector.
- Packing Credit Limit (PCL) : The exporters are in a situation where their export documents are very unlikely to be received during the lockdown period. Therefore it is likely that their PCL may not be liquidated within the stipulated period, since due to non operation of courier services requisite documents are not being received from the ports. Therefore it has been requested to extend the time period for liquidation of PCL by 3 months with no interest burden on exporters.
- Forward Contracts: Another matter impacting exporters is that they enter into forward contracts at a pre-agreed rate of currency for a pre-determined period of time. Now with the present lock down scenario, exporters whose forward contracts are maturing, are unable to dispose of the transaction since the documents are not being received for want of courier services. Therefore, exporters are likely to suffer financial disadvantage in case there is delay in disposal of the transactions as (a) the additional monetary burden due to current rate will fall on them and (b) they will also be liable to payment of higher interest on borrowing. It has been requested to extend the deadline for disposal of forward contract till 30.6.2020.

Administrative measures

- There is scarcity of empty containers for stuffing further shipments. Hence, Government may kindly arrange to get the supply augmented and allow transportation of stuffed rice containers to be moved for onward shipment for export.
- The National Plant Protection Organization (NPPO) has the Phytosanitary certification system on line. But the original duly signed hard copy is required to be forwarded to importers for clearance of the consignments. Due to lockdown situation the issuance of original copy is hampered. Hence, it is requested that MoA may kindly institute some mechanism for release of hard copies/digitally signed PSC.

- Electricity Surcharge: Similarly, despite non operation of units due to lockdown industry is bound to pay electricity surcharge. It is, therefore, requested that Government may consider waiver of electricity charges for the lockdown period.
- The shipping lines are not operating currently and hence no Bills of Lading are being issued for consignments which have already dispatched from the ports. Therefore, exporters are unable to forward the B/Ls for such consignments to importers and this is likely to hamper clearance of consignments at importing country end. Thus exporters are liable to financial damages in case of delays.
- The ancillary industry catering to the export activity such as industry for manufacture and supply of packaging matter viz. PP bags, jute bags, non-woven bags, liners etc and also industry for printing of tags may be allowed to operate.
- At least suspension of APMC Act immediately till normalisation of the prevalent situation to reduce transaction costs across the value chain.
- States may allow companies, individuals, corporates, FPOs, SHGs, coops, etc., to buy directly from farmers at negotiated prices at any location.
- The Essential Commodities Act (ECA) may be withdrawn from the staples category for next year; enabling corporates, processors, retailers and others to hold bulk stocks over the present limits. Suspension of the ECA will incentivize these entities to buy from farmers in the next three months & keep the supply chain running.