

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.

➤ **COVID-19 MAY SHAVE \$245 MN OFF FARM, MARINE EXPORTS TO CHINA, ITALY IN MARCH**

Farm and marine products exports to China and Italy may take a hit in March alone due to the disruptions caused by the Covid-19 pandemic. Total agriculture exports have declined 6.1 per cent but to China the shipments had soared almost 86 per cent. Similarly, agricultural exports to Italy have also declined. The complete lockdown in China and Italy as a result of Covid-19 may affect our agriculture and allied exports in March.

Virus outbreak came at a time when there was high demand of farm items in China. Agri products that will face a severe hit will be cereals, groundnut, castor oils, jams and jellies, sugar etc. Overall farm goods will report a decline in March to international borders due to cancelled flights and disruptions in shipping activity.

➤ **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 not staying at home and using onions which usually goes 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 Himalyan 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.