

US agriculture associations fear market loss to India's FTA partners

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US agriculture associations fear adverse impact on exports of almonds, grapes and whisky to India. This is owing to the new and ongoing trade agreements between India and Australia, the UK and EU.

The associations have called for similar market access negotiations with Asia's third-largest economy.

In submissions to the United States Trade Representative (USTR) as inputs for the upcoming National Trade Estimate Report on Foreign Trade Barriers, the Almond Board of California said the Economic Cooperation and Trade Agreement (ECTA) concluded between India and Australia will allow 34,000 tonnes of Australian almonds (into India) at 50 per cent of the tariff. "That will cover the current level of Australian imports and is anticipated to lead to a lower US market share of almonds in the Indian market," it added.

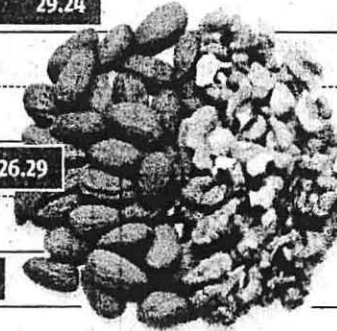
In June 2019, India hiked tariffs on 28 items exported by the US, including almonds, apples, walnuts. This was in retaliation to the US decision of increasing Customs duties on certain steel and aluminium products from India.

The California Table Grape Commission said India imposes a 30 per cent tariff on imports of fresh grapes from the US compared to 24 per cent on table grapes from Chile. "As California table grapes compete for market share with Chilean table grapes at both the beginning and towards the end of California's season, the tariff discrepancy harms US exports to this growth market. More broadly, India's high import tariff and overly bureaucratic tax structure adds cost and ambiguity. Ultimately, it makes it more challenging for suppliers of California table grapes to export to the Indian market," it added.

The North-West Horticultural Council, in its submission, said because of the 20 per

KEY AGRI IMPORTS FROM THE US (in FY22)

Items	Value (in \$ mn)	Growth (% YoY)
Almonds in shell	768.55	-3.6
Almonds (kernel)	29.24	322.53
Walnuts in shell	7.16	-80.0
Walnuts (kernel)	0.74	-86.8
Pistachios in shell	26.29	88.21
Pistachios (kernel)	2.78	-2.2
Apple Fresh	21.82	-36.94
Pears	0.91	-14.79



Source: Commerce Ministry

cent retaliatory tariff by India — bringing the total applied tariff on US apples to 70 per cent — Apple growers from other regions such as European Union, Iran, New Zealand, and Chile now have a 20 per cent preferential tariff rate benefit. "The US share of the Indian apple market has decreased from 55 per cent to one per cent as a result," it said.

"India was the second largest US apple export market for the 2017 crop. Washington state apple sales to India have declined 97 per cent since the Section 232 action. The effect of the Section 232 20 per cent retaliatory tariff is severe. It has resulted in the loss of millions of cartons of fruit sales valued at over \$85 million per year," it said.

The Distilled Spirits Council (DIS) of the United States said India's 50 per cent ad valorem tariff severely restricts access to the Indian market for US spirits exporters.

"India is currently engaged in trade agreement negotiations with the EU and the UK, which are major spirits and whisky exporters. Improving access for European and/or UK-origin spirits to India would place American whisky at a competitive disadvan-

tage vis-à-vis Scotch whisky and Irish whisky. DIS US respectfully requests the government's support in securing a reduction of India's prohibitive 50 per cent import tariff on US spirits exports, particularly on American Whisky," it said.

The Wine Institute said it supports the opening of export markets via free-trade agreement (FTA) negotiations and has engaged with the US Congress to support the passing of the Trade Promotion Authority.

"While we appreciate efforts such as the Indo-Pacific Economic Framework, without a traditional market access component, the IPEF will have little impact on US wine exports. Several IPEF countries are some of the fastest-growing wine markets in the world. Yet US wines are significantly hampered by high tariffs, including in India, where the tariff is 150 per cent ad valorem," it said. "At the same time, other wine-producing countries are gaining preferential tariff treatment through FTAs, such as the recently-announced Australia-India Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.