



EXPORTS

MARKET ACCESS IN INDIA CONTINUES AS PRIORITY FOR PULSE CANADA

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India continues to be the highest market access priority for Pulse Canada and the Canadian pulse industry. India's use of protective trade policy measures this past year in the pulse sector clearly reflects a fundamental shift in India's domestic agricultural policy. The Government of India's (GoI) well-documented objective of self-sufficiency in pulses has been bolstered by continual increases to pulse minimum support prices (MSPs), increased government procurement of "buffer stocks" of pulses, and other domestic policy measures. A pulse oversupply situation in India has resulted from the convergence of these domestic policy measures and two successive record pulse crops grown in India. The current oversupply situation has overwhelmed India's stock acquisition mechanisms, and domestic pulse prices are currently trading below MSP levels.

Over the past five years, India has imported an average of 1.9 million metric tonnes (MMT) of pulses from Canada on an annual basis. In the past year, India has implemented various policy measures to limit pulse imports. Exporters have faced significant risks of unpredictable changes to India's fumigation requirements. Currently, all Canadian shipments of pulses face a requirement to be fumigated with methyl bromide prior to arrival in India, which cannot be done in Canada. Canadian pulse exports

are only possible as long as India continues to provide fumigation derogations (waivers) to Canada. India has given no clarity past the June 30, 2018 expiry date of the current derogation which also specifies elevated inspection fees for shipments that have not been fumigated.

In addition to plant protection policy, India's actions to limit pulse imports over the past year have included quantitative restrictions for pigeon pea, mung beans and black matpe, a 50% import duty on peas, a 44% import duty on lentils, and a 66% import duty on chickpeas. Most recently, India imposed new regulations that restrict the volume of peas exported to India to 100,000 metric tonnes during the period of April 1 to June 30, 2018. The restriction applies to all origins and is retroactive to include shipments that arrived in India between April 1, 2018 and the date of the notification (April 25, 2018). The restriction also provides conflicting information on whether it applied to all classes of peas or yellow peas only and the Government of Canada (GoC) is seeking clarification. India also lifted the domestic export ban on pulse crops to aid in dealing with the current oversupply situation.

These actions follow more than a decade of duty-free access for most



pulse crops. Analysts predict that the uncertainty caused by the sudden introduction of high tariffs may bring forward several potential food security implications for India, including:

1. India may not have the ability to import an adequate and affordable supply of pulses in case of a poor domestic crop, as seen in recent years when Indian pulse imports (and prices) rose dramatically.
2. Over time, imposition of high tariffs by India on imported pulses could decrease pulse production worldwide. The overall effect could be the elimination of a supply 'cushion' of pulses to cover India's needs in case of a short crop.

In February 2018, pulses were a top priority discussion item during the meetings between Prime Ministers Justin Trudeau of Canada and



Left: Bags of pulses displayed by a vendor at a large middle class market in Delhi. Right: Workers stack bags of uncleaned pigeon peas and chickpeas at a pulse mill in Delhi.

Narendra Modi of India. Following those meetings, a joint statement was released by the prime ministers that committed both governments to “finalize an arrangement within 2018 to enable the export of Canadian pulses to India free from pests of quarantine importance, with mutually acceptable protocols” and “improve transparency and predictability of market access conditions”. Pulse Canada is working with GoC to ensure that these commitments materialize in the form of improved plant protection and trade policies, and more specifically:

1. Working with GoC to ensure that when India returns to the market, Canada has market access free from plant protection barriers including technically unjustified fumigation requirements. This includes working with the Canadian Food Inspection Agency

(CFIA) and its Indian counterparts to ensure that an exemption from fumigation is in place prior to the June 30, 2018 expiry of India’s current fumigation derogation (waiver) and that an agreement on plant protection is in place by the end of 2018 as outlined in the joint prime ministerial statement.

2. Working with GoC and international partners through the Global Pulse Confederation (GPC) and the GoI to arrive at an agreement on measures that provide global pulse markets with stability while simultaneously supporting India to both a) stabilize trading relationships and b) improve nutrition and food security for Indian pulse consumers.

Pulses remain the most affordable source of protein for India’s growing population of 1.3 billion people, and analysts consider India to be far from

self-sufficiency in pulse production when examined from a multi-year perspective that accounts for both the best and worst Indian growing seasons. Analysts agree that India is not permanently off the global market and no other country has met India’s substantial pulse import needs for its rapidly growing population on the same scale as Canada has year after year.

In addition to concerted efforts to regain access to Canada’s largest market, the Canadian pulse industry realizes the importance of market diversification to long term success and stability. This is evident in the large investment that has been made by GoC and the Canadian pulse industry in an aggressive market diversification strategy aimed at creating two MMT of demand from new uses and new markets by the year 2025.