Indian apple imports restricted to one port

The Indian government’s move to only allow apple imports via Mumbai’s Nhava Sheva port is set to seriously hamper trade.

The Indian government has placed new restrictions on the country’s fast-growing apple import trade by announcing that it will only allow apples to be imported via Nhava Sheva port.

Anup Wadhawan, India’s director general of foreign trade, issued a notification announcing the change on 14 September, which takes immediate effect.

While the Indian Ministry of Commerce and Industry has not cited any reasons behind the decision, many industry stakeholders regard the move as a non-tariff barrier to restrict apple imports.

Apple producers in India’s key production belts of Himachal Pradesh and Kashmir have been complaining of increased competition from imported apples for some time, and they have lobbied the government to raise apple import tariffs to protect their industries.

India’s apple imports increased by more than 5 per cent in 2014 to exceed 204,000 tonnes, according to Asiafruit Congress Statistics Handbook analysis from Trade Map International/International Trade Centre data.

China accounted for some 40 per cent of import volumes, followed by Chile and the US with 25 per cent and 23 per cent shares respectively. Other key supply origins included New Zealand (6 per cent) and Europe (3 per cent). Significant volumes were also imported from nearby countries such as Iran and Afghanistan.

Washington concerns

Rebecca Lyons, international marketing director of the Washington Apple Commission, told Asiafruit that the Indian government’s announcement, had “taken everyone by surprise”.

India has become a critical market for the Washington apple industry. Shipments just hit a record in the 2014/15 season, topping 5.6m cartons and making India the third-largest export market for the industry, Lyons noted.

While Nhava Sheva is India’s largest container port, it is already under strain to handle growing import volumes – and Lyons said the government’s move to only allow imports via the Maharashtra-based port would seriously impact all apple imports.

“It’s questionable whether Nhava Sheva will be able to handle that volume, so it will restrict trade,” she said.

Up until now, Nhava Sheva has handled around half of India’s total apple imports, with at least 40 per cent routed via Chennai and the remainder entering a few other ports, according to industry estimates.
Chennai channel key

Chennai port is a key gateway for apple imports to reach southern Indian states as well as servicing large tracts of the country’s East Coast. Lyons said the effective closure of Chennai to apple imports would make it more difficult to reach those areas. “It makes it very difficult because the infrastructure is not made for optimal transportation to these areas from Nhava Sheva,” she noted.

With some of last season’s Washington apples still en route to India, and the 2015/16 export campaign set to crank up moving into the New Year, Lyons said she was hopeful that access to other ports could be restored in time to minimize disruption to trade.

“Obviously there are still many questions our industry is trying to get answers on as we do have some shipments currently on the water to other ports,” she said. “Our government is looking into this matter with their counterparts in India to get clarification and express their concerns. Hopefully we can resolve the issues quickly.”

Washington’s apple exports to India usually do not ramp up until after mid-January, as the market is heavily supplied with domestic apples before that, Lyons noted. But the industry has begun to ship year-round in recent years, particularly with varieties that are not grown in India, such as Gala.

Trade negotiation

Keith Sunderlal, owner of the SCS Group, which represents the Washington Apple Commission among other US commodity groups in India, said the move would have some “permanent impact” on trade, and he expressed doubts that the decision could be overturned in the short-term.

“I think this will take time to resolve – it’ll need higher level engagement from governments,” said Sunderlal. “Apple exports to India are now worth over US$100m to the US, so I am sure the US government will be doing all it can to sort this out. The good thing for the US and India is that there are some senior level engagements scheduled that will present opportunities to discuss it. Some senior level visits to India from the USDA are scheduled in the coming months and the US-India trade policy forum has recently come back into action.”

However, Sunderlal predicted that pressure from the local trade within India could have more success in resolving the issue in the short-term. “Fruit importers in Chennai have already had meetings with customs officials, and they’ve hired a lawyer to see what the next steps would be,” he said. “They’re trying to find out what the basis is for this move and they have a trip to Delhi scheduled to talk to senior customs officials.”

While there is widespread speculation that the government’s move to curb imports is a political one driven by calls for protection from domestic producers, Sunderlal believes such a policy would not actually benefit local growers.

“I have never been of the opinion that local growers have been affected by imports. If anything they’ve gained from imports. It’s clear that imports have raised the benchmark for domestic growers over the years and seen them achieve much higher prices,” he said.