



## The Southern India Mills' Association

Post Box No. 3783, 41 Race Course, Coimbatore - 641 018

Phone: 0422 4225333 | Fax: 0422 4225366

E-mail: [info@simamills.org](mailto:info@simamills.org) | Web: [www.simamills.org](http://www.simamills.org)

### NEWS CLIPPINGS –14-12-2017

<p><b>Pink bollworm issue: Oppn din over agri officials not briefing minister</b></p>	<p><b>Business Standard</b> <a href="http://www.business-standard.com/article/markets/pink-bollworm-issue-oppn-din-over-agri-officials-not-briefing-minister-117121400021_1.html">http://www.business-standard.com/article/markets/pink-bollworm-issue-oppn-din-over-agri-officials-not-briefing-minister-117121400021_1.html</a></p>
<p>Oppn has been demanding immediate relief to farmers saying that Bt cotton seed "BG II" has failed to protect cotton from pink bollworm attack. The Maharashtra government on Wednesday found itself cornered in the Legislative Assembly after it came to fore that officials have failed to brief Agriculture Minister Pandurang Fundkar on the issue of pink bollworm infestation in cotton crop. Speaker Haribhau Bagde deferred the Calling Attention Motion on the issue raised by Opposition MLAs citing the lack of information from officers, which led to an uproar. Opposition has been demanding immediate relief to farmers saying that Bt cotton seed "BG II" has failed to protect cotton from the pink bollworm attack in Vidarbha and Marathwada regions. Opposition members alleged that though the government was aware that BG II seed lacked potential to prevent pink bollworm infestation it purposefully didn't act as it "wanted private seed-producing companies to be benefitted".</p> <p>The government said the production of cotton is on the rise though it has acknowledged the problem. It also said that farmers will be compensated for the loss. Against this backdrop, over 69 MLAs of the 288-member Assembly had raised the calling attention motion demanding a detailed discussion and government's response on the issue. However, Speaker Bagde announced postponement of the motion citing the lack of information from officers, prompting the Opposition to demand an apology from the government which it alleged is "shielding" private seed producers.</p>	

<p><b>Spurious seeds playing havoc with farmers' lives in AP, Telangana</b></p>	<p><b>Business Line</b> <a href="http://www.thehindubusinessline.com/todays-paper/spurious-seeds-playing-havoc-with-farmers-lives-in-ap-telangana/article9992567.ece">http://www.thehindubusinessline.com/todays-paper/spurious-seeds-playing-havoc-with-farmers-lives-in-ap-telangana/article9992567.ece</a></p>
---	---

Last week, three farmers from a village in Krishna district attempted to commit suicide in front of police station in Vijayawada. They were looking to draw attention to their desperate plight following their failure to secure compensation from two seed companies whose seeds had turned out to be spurious.

The farmers' suicide attempt was foiled, and they were rushed to hospital. But the dramatic events served to refocus attention on a problem of spurious seeds, especially in chilli and cotton crops, which has bedevilled the lives of farmers in Andhra Pradesh and Telangana for quite a while.

#### Economic distress

It also triggered a public debate on the governments' failure to take action against errant seed companies and to ensure justice to farmers. Seeds being the most critical agricultural input, any defect makes agriculture a dangerous gamble. Chilli farmers in Andhra Pradesh spend more than Rs. 1 lakh per acre to raise the crop, and seed failure can cause enormous economic loss. There is also a problem with Bt cotton seeds provided by some companies. Officials in the Agriculture Department confirmed that the chilli crop in the village had failed due to defective seeds. The District Collector had ordered the two seed companies to pay a compensation of Rs.2.13 crore to the farmers.

Orders were also issued under the Revenue Recovery Act to seize the companies' assets. However, the companies moved the AP High Court and obtained a stay, and the farmers have been trying in vain for more than one-and-a-half years to get compensation. The Opposition parties – YSR Congress, the Congress and the communists – have criticised “the ineptitude of the State government” and demanded immediate steps to address the issue.

Farmers in Andhra Pradesh depend heavily on three commercial crops: chilli, cotton and tobacco. The tobacco crop faces no seed problem, but the other two face the problem periodically.

There is a seed certification procedure in place for the seeds produced by government agencies or those produced and sold by private companies. Even so, spurious seeds find their way to villages through unscrupulous dealers, although the role of companies is also suspect.

Bharatiya Kisan Sangh leader J Kumaraswamy says seed companies are making use of loopholes and grey areas in the “antiquated” laws, primarily the Seeds Act, 1966. For years, the Andhra Pradesh government has been talking of passing new legislation at the State level to fix errant seed companies, but nothing has been done so far, he said. The Centre should pass a new seed law, with stringent provisions to punish the companies, and ensure compensation to farmers in the event of a crop failure, he added. “It is all the more necessary as we do not have a comprehensive crop insurance policy. Seed companies are right now going scot-free, and strict steps

should be taken to discipline them," he said.

**GST Network introduces functionality to simplify returns filing process**

**Business Standard**

[http://www.business-standard.com/article/economy-policy/gst-network-introduces-functionality-to-simplify-returns-filing-process-117121301477\\_1.html](http://www.business-standard.com/article/economy-policy/gst-network-introduces-functionality-to-simplify-returns-filing-process-117121301477_1.html)

The GST Network said it has introduced a functionality which simplifies the returns filing process for taxpayers. "A new functionality has been introduced on the GST portal for ease of the taxpayers under which questions will be posed as soon as the taxpayer enters the Returns dashboard and only relevant tiles will be displayed to the taxpayers based on the answers to the questions posed," the GST Network said in a statement.

This has been started first with GSTR-3B returns (initial sales return), it added.

For 'nil' GSTR 3B returns, one-click filing has been introduced as no tile will be shown to such taxpayers. Also, a help section has been provided on each page for the convenience of the taxpayer. "Until now, taxpayers were shown all tiles with payments when they enter the Returns dashboard but now they will be shown only those tiles which are relevant for them. They will be asked questions and basis their response, they will be shown only relevant tiles, said Prakash Kumar, CEO of the Goods and Services Tax Network (GSTN). The new facility will result in time savings for the taxpayers, said GSTN, which provides the IT backbone for the new indirect tax regime.

**Farmer unions demand action against illegal HT cotton in AP**

**The Hans india**

<http://www.thehansindia.com/posts/index/Andhra-Pradesh/2017-12-14/Farmer-unions-demand-action-against-illegal-HT-cotton-in-AP/345267>

Major farm unions in Andhra Pradesh demanded stern action against the companies involved in spread of illegal Herbicide-Tolerant Genetically Modified cotton seeds. "Tolerant cotton has not received any regulatory clearance in India, and there is much evidence about the potential adverse health and environmental impacts from such HT crops. In October 2017, the AP government constituted a committee to inquire into illegalities and risks of clandestine GM seed sales and cultivation and to make contravenors of EPA 1986 liable under the Act," said A.P. Rythu Sangham leader Peddi Reddy. News reports indicated that many seed production plots have been found to be growing illegal HT cotton, based on the quick testing that the AP government officials did for initial confirmation. It is clear that the illegal seed supply network was at work, to prepare seed for the next season sales (kharif 2018).

It is also reported now that there have been raids on some seed processing units in Kurnool from where

hundreds of tonnes of illegal HT seed has been seized. We demand that prosecution has to be initiated immediately against all the ginning factories, seed processing units and seed companies involved in this racket,” he said in a statement on Wednesday. The statement was jointly issued by AP Rythu Sangham leader Peddi Reddy, former agriculture minister and leader of Rythanga Rakshana Vedika Vadde Sobhanadreeswara Rao, Rythu Swarajya Vedika representative Vissa Kirankumar and AP Rythu Sangham secretary Prasad. “What is apparent is that organised seed industry, especially the big companies, are definitely involved in such spread of illegal, hazardous seed for it to have expanded to such vast areas, and this is ultimately going to lead farmers into a debt-suicide trap. Since the seed supply to many states is going from AP, strict action should be taken immediately,” said Peddi Reddy.

“It is estimated that the illegal HT cotton market last year was worth Rs 472 crores, with a whopping 35 lakh seed packets sold in south and central India mainly. It is a mystery as to why the AP government is not taking deterrent action against people responsible for the spread of illegal Herbicide Tolerant cotton in the state.

These HT crops lead to widespread use of cancer-causing herbicides such as Glyphosate, and development of resistant weeds in a few years. This illegal GM cotton is clearly anti-thetical to the state government’s avowed policy of promoting natural farming, so the GM seeds should be fully weeded out,” said Vissa Kirankumar of Rythu Swarajya Vedika. Former agriculture minister Vadde Sobhanadreeswara Rao said the Supreme Court appointed Technical Expert Committee had also recommended that HT crops should not be allowed in India. The Central government, under EPA 1986, has notifications issued in 2006 that empower state level seed inspectors to enter any place to determine whether the law is being complied with, and to seize materials if necessary to prevent or mitigate environmental pollution. Action can also be taken under the Seed Control Order (1983) and Seed Act (1966). In addition, the state government should also bring in a new Seed Act to protect the interests of the farmers in the future.” “Cotton farmers suffered big losses due to the pink bollworm this year, and the spread of illegal seed without permission also contributed towards this. When farmers face problems, who can they or the governments hold liable in these illegal seed supply chains?” said Prasad of AP Rythu Sangham.

<b>COTTON CROP: PAU ISSUES ADVISORY ON PINK BALLWORM ATTACK</b>	<b>Daily Pioneer</b> <a href="http://www.dailypioneer.com/state-editions/chandigarh/cotton-crop-pau-issues-advisory-on-pink-ballworm-attack.html">http://www.dailypioneer.com/state-editions/chandigarh/cotton-crop-pau-issues-advisory-on-pink-ballworm-attack.html</a>
Seeing red in the 'pink ballworm' menace affecting the cotton crop in Maharashtra and Telangna, the Punjab Agriculture University (PAU) has issued an advisory to Punjab's cotton growers. Notably, the pink bollworm has damaged Bt cotton crop this year in some south and central Indian cotton-growing states like Maharashtra,	

Telangana etc. Alarmed, the PAU has warned the state farmers against the harmful pest.

The development assumes significance as the state's cotton growers have suffered massive loss due to attack by the whitefly pest in 2015 -- resulting in mounting numbers of farmers' suicides. The advisory, issued by Regional Research Station at Bathinda, has asked the farmers to follow PAU recommendations to avoid the possibility of attack by pink bollworm that eat away the cotton fibre and the bolls.

It advised the farmers that picking should be completed as early as possible and cotton sticks should be removed from the fields. Farmers should remove the cotton sticks immediately from the fields, if they have not done this so far. Trashes of cotton and unopened bolls should also be removed from the field, it added. The advisory has also asked the farmers that animals like goats, sheep among others, should be allowed to graze on unopened bolls and plant debris in the cotton fields after the previous picking.

PAU pointed that pink bollworm can also survive on leftover cotton sticks in the field, and thus sowing of wheat in standing cotton crop should be avoided. Where it has been done, the cotton sticks should be removed immediately. It has advised against stacking of cotton sticks in the fields. "Stacking should be done away from fields, preferably in village area in vertical form, away from shade after removing all the unopened bolls," it read.

The farmers have also been asked to complete the ginning process latest by the end of March and leftover cotton seeds must be fed to the cattle. Acid de-linting of cottonseed kills the hidden larvae, so use the only de-linted seed for sowing, it has been advised. About 1.3 million hectares of the 4.2 million hectare under the crop is suspected to be infected by the pink bollworm pest in Maharashtra, especially in Yavatmal district where the farmer suicide has been rampant.

In the wake of the disaster caused by the pest in Maharashtra, some of the farmers in Punjab has started storing the raw cotton hoping for higher prices in future even as the pink bollworm attack on cotton in Maharashtra is yet to affect prices. Congress-led Punjab Government, already learning lessons from the past, has asked the PAU to launch a joint awareness campaign to educate the farmers about recommended varieties of hybrids to be sown and use of quality pesticides. Notably, the state government had to cough up more than whopping Rs 640 crore as compensation to the cotton cultivators suffering loss due to whitefly attack in 2015.

Punjab Chief Minister Capt Amarinder Singh has issued strict directions to the PAU and the state Agriculture Department to intensify round-the-clock surveillance and regular monitoring on the ground to check any pest attack. He had also stressed on the need for scouting at village level, with the scouts and supervisors to be made accountable for any lapses in educating the farmers on crop protection and weed eradication. Cotton is the second major kharif crop of the state after paddy. For kharif 2017, an action plan for cotton production was prepared under which four lakh hectares were targeted. The estimated area under cotton during this season is

about 3.82 lakh hectares compared to 2.57 lakh hectares in 2016. In 2016, 8.90 lakh bales of cotton had arrived in the mandis of Punjab while the cotton yield was recorded at 22 quintals per hectare (756 kg of lint per hectare).

<b>Bangladesh apparels at a crossroads</b>	<b>Daily Star</b> <a href="http://www.thedailystar.net/opinion/perspective/bangladesh-apparels-crossroads-1504519">http://www.thedailystar.net/opinion/perspective/bangladesh-apparels-crossroads-1504519</a>
<p>Bangladesh plans to increase its apparel export to the global market with a high ambition of reaching the USD 50-billion mark by 2021, in line with the government's Vision 2021, which is centred around a goal for the country to attain the middle-income country status by that year when the nation celebrates the golden jubilee of its independence. But doubling the export, which currently stands at USD 28 billion, in just four years' time is going to be a difficult task. The only way to increase the export amount is by adding value to the apparel.</p> <p>The current competitive advantage of Bangladesh is already being challenged by countries that depend on low-cost production—like Ethiopia. Many European and US retailers and brands will follow these countries if better margins are offered. Moreover, if Bangladesh is to graduate into a middle-income country, then the wages for its four million workers involved with the garment industry will have to rise at the expense of the margins of the apparel producers, resulting in lower profitability and losing that competitive edge. It is a catch-22 situation given our current low-cost production strategy. And it's doom to failure because of the law of nature about a developing country that must offer the benefits of a higher living standard in its journey to becoming a nearly industrialised one.</p> <p>Therefore, for the growth vision for 2021 to deliver, it is high time the apparel industry leadership fostered change as regards its customer base. The first option is to keep the customers in the apparel sector, not with low cost, but with innovation, collaboration and proliferation, thereby increasing the production volume and margin. Simultaneously, growing the number of customers in the value creation process will be an added bonus.</p> <p>For decades, international buyers for large international apparel chains and brands have worked under the assumption that labour cost must be kept as low as possible in order for garments to be produced at competitive prices. This widely-held belief has made the industry move from country to country, as the increase in labour cost erode each local market's temporary advantage. One day, possibly soon, this journey will come to an end.</p> <p>Cheap labour is becoming a rare commodity while the number of low-cost countries is also dwindling. Demonstrated thought leadership by the international retailers and brands need to get ahead of this trend by assessing what they can influence with their existing production partners to generate sustainable efficiency</p>	

gains, improve their production speed, and ultimately take pressure off labour cost management, thus ensuring that margins are offered as a part of efficiency—not through cheaper labour. Consequently, the challenge for the apparel buyers is to collaborate with their production partners to advance the ideas of innovation, collaboration and proliferation. By inspiring, generating and adopting production innovations that improve speed and efficiency, they can increase their responsiveness to fashion cycles. By collaborating on adopting a standard unit of measure, both parties can, through this act of co-creation, help bring cost transparency to the supply chain and boost productivity. And by managing sub-suppliers and improving coordination with tier one, two and three for fabric, trim and sundries, they can proactively manage the raw material suppliers, consequently delivering positive proliferation.

Next to streamlining the internal processes to gain value growth, the other obvious concept to support the growth of Bangladesh apparel export is the external shift from volume to value customers. According to the Boston Consulting Group, there has been a rebound in consumer confidence since the last financial crisis. As confidence rises, consumers become more willing to splurge on expensive products. Therefore, there are many opportunities for the Bangladesh apparel industry to grow margins by adding value and attracting premium brands and retailers. A blouse or pair of jeans cost more or less the same to produce, and it is mainly the raw materials that are adding cost to production. Managing the raw materials will be crucial but the margin gains will be many times more as the medium to premium brands and retailers sell at a much higher retail price and can buy the product in Bangladesh at a higher price.

The biggest trend in EU and the US for capturing margin building and value adding growth is Experience Economy, which is estimated at USD 1.3 trillion in annual consumer spending in the US alone. The shift from personal goods to experiences will benefit some fashion companies, provided they are positioned correctly. For example, the rise of health and wellness experiences benefits companies that make activewear, athletic footwear, and other apparel for exercising, hiking, and spending time outdoors. The rise in leisure travel will mean higher sales of layering clothes, luggage, and travel accessories.

To respond to this, companies will need to reposition themselves—at the levels of the portfolio and individual brands—by orienting products around specific experiences.

This is where the other opportunity lies for supporting the growth vision for Bangladesh by 2021: shortcutting the traditional entry price brands by adding new medium to premium brands and retailers that are targeting the experience economy. Quick gains could come by addressing these brands in the medium to premium segment with the already established production and supply chains in Bangladesh and harvesting the margins as the retail prices are higher than the entry price brands. In this, Bangladesh faces a few challenges. Medium to premium brands and retailers are looking for value adding design perspectives that will enhance the consumer experience

and set the products apart from competition. Does Bangladesh have the ability to add value to design? The second challenge is the perception of Bangladesh as a production hub that ignores social and ethical issues leading up to the collapse of factory buildings due to lack of health and safety. Many US and EU boards of directors see Bangladesh as a liability that can get a bad press and damage their image.

The value creation performance of the Bangladesh apparel industry has, for over 40 years, delivered continued growth but if the apparel industry is to continue to support the growth, change management and repositioning from volume to value are the key. There is no silver bullet to changing the industry's future. What's most important is that Bangladesh and its apparel industry leadership understand the factors that are most relevant to the growth vision that will allow Bangladesh to capitalise on a recovering global economy and return greater value to the future of the country.

<b>Ethiopian textile, garment exports earns USD 31.2 mn over last 3 months</b>	<b>Yarns and Fibres</b> <a href="http://www.yarnsandfibers.com/news/textile-news/ethiopian-textile-garment-exports-earns-usd-312-mn-over-last-3-months#.WjIDj1WWbIU">http://www.yarnsandfibers.com/news/textile-news/ethiopian-textile-garment-exports-earns-usd-312-mn-over-last-3-months#.WjIDj1WWbIU</a>
--	--

The Ethiopian Textile Industry Development Institute disclosed that the foreign currency generated from the textile sector has been steadily growing. Over the last three months Ethiopia has earned USD 31.2 million from textile and garment export.

The Ethiopian textile products have entered into Germany, Italy, China and United States through AGOA stated Institute Communication Directorate Director Bantihun Gessesse.

The burgeoning of the textile industries triggers the expansion of cotton farming by public, private sector and small scale farmers. Currently, the total cotton farm being cultivated has reached 42,000 hectares of land. The domestic cotton production could satisfy the local demand, he added.

The institute is providing training cotton growers to maintain the quality of the cotton.

Regarding foreign investors flow, Bantihun said that the prevalent of peace and stability, availability of abundant cheap labor, plenty of cheap energy from hydro power and flourishing industrial parks all over the country are the pulling factor.

He said thanks to the enabling investment environment currently foreign companies are injecting their money, technology, experience as well as skills on the sector.

In addition, the government is encouraging foreign investors through the provision of various incentives including



tax holidays, tax free capital goods importation, custom services provision on the spot, and easily access to financial credit.

The director said that university-textile industry linkage is getting strengthened. Formerly, the only institution integrated with the industry was Bahir Dar University but currently more than six universities is enrolling students in textile and garment technology with first and second degrees.

The world number one US textile industry known as HDM has installed its factory in Hawassa Industrial Park creating 10,000 jobs and expected to create many more jobs in the coming years. Most graduates from technical colleges would benefit from these job opportunities.

<b>Chinese cotton imports to recover than expected this season</b>	<b>Yarns and Fibres</b> <a href="http://www.yarnsandfibres.com/news/textile-news/chinese-cotton-imports-recover-expected-season#.WjC1UVWWbIU">http://www.yarnsandfibres.com/news/textile-news/chinese-cotton-imports-recover-expected-season#.WjC1UVWWbIU</a>
<p>The US Department of Agriculture’s Beijing bureau pegged at 1.30m tonnes (5.97m bales) China’s cotton imports in 2017-18, on an August-to-July basis. A rise of more than 200,000 tonnes year on year – far bigger than the 58,000-tonne increase, to 1.15m tonnes (5.30m bales), that the USDA has officially penciled in.</p> <p>The bureau’s estimate comes amid persistent market talk that China may be poised for accelerating buy-ins, with some rumours of a potential increase to the import quota of 894,000 tonne allowed in with a 1% tariff, under an agreement with the World Trade Organization.</p> <p>US officials said that China’s cotton imports will recover more than had been expected this season, due to the need for high-quality fibre by a domestic spinning industry.</p> <p>Indeed, the bureau itself underlined that “since July, anecdotal reports have circulated that the government might be considering special approval to allow for some imports of high-grade cotton.</p> <p>Given the Chinese textile sector’s increasing demand for high-grade cotton, traders anticipate the government may increase its flexibility in issuing additional import quota.</p> <p>Consideration of all these factors, it is logical for the government to approve some cotton imports to meet the industry demand in 2018, the bureau said, although adding that it remains unclear when the government will allow additional cotton imports.</p> <p>Ron Lee, at US-based McCleskey Cotton, reported that China will continue to be a strong buyer of US cotton,</p>	

perhaps even increasing quota after the turn of the new year.

Latest Chinese cotton import data, for October, the month after the closure of the government's 2017 auction programme of supplies from the country's bloated cotton stockpiles, came in at 78,128 tonnes, according to customs data, a rise of 89% year on year.

The purchases took to 983,450 tonnes China's cotton imports in the first 10 months of this year, a rise of 41%, of which 458,588 tonnes were sourced from the US, a jump of 131% year on year.

While this year's government auction programme released 3.22m tonnes of cotton to domestic mills, the fibre is said to be of low quality, and the release will not ease the shortage of high grade cotton for Chinese mills, the bureau said.

Meanwhile, demand for cotton overall is being whetted by economic expansion, and a reduction in Chinese cotton premium to global values, making the country's mills more competitive.

The USDA bureau said that China's cotton use in 2017-18 was forecast rising by 335,000 tonnes year on year to 8.50m tonnes (39.0m bales), growth mainly driven by a more market-oriented domestic cotton price,

The bureau added that a further auction of state stocks scheduled for 2018 could see China's cotton stocks fall a further 3m tonnes, after a decline of 3.2m tonnes this year, to a figure pegged by "industry sources" at about 5.2m tonnes.

<b>Spinners paying premium price to get quality lint</b>	<b>Yarns and Fibres</b> <a href="http://www.yarnsandfibers.com/news/textile-news/spinners-paying-premium-price-get-quality-lint#.WjC1U1WWbIU">http://www.yarnsandfibers.com/news/textile-news/spinners-paying-premium-price-get-quality-lint#.WjC1U1WWbIU</a>
<p>Prices at cotton market for the second time in the season seen crossing above the Rs7,000 mark to reach Rs7,050 per maund. However, strong buying was witnessed on Monday as spinners preferred to get quality lint and were willing to pay premium price for Sindh variety. But the trading activity at cotton market remained restricted due to short supply of quality lint.</p> <p>Also the rupee-dollar parity is going to impact cotton imports which will become costlier in case the rupee value declines against dollar. This was a cause of concern for the textile industry because a huge quantity of around 3 million bales is expected to be imported. Meanwhile, the downpour on Monday in Punjab would be beneficial for wheat crop but would be harmful for the cotton where picking has yet to finish. However, reports suggested that most of the crop has been picked.</p>	

There is growing concern amongst spinners that late approval for import of cotton from India would not help because by end of this month much of quality cotton would have been lifted by Indian textile industry or exported.

At the Karachi Cotton Association (KCA) spot rates remained steady at weekend level.

The following deals reported to have changed hands on the ready counter were 800 bales, Ghotki, at Rs7,050; 400 bales, Daharki, at Rs7,050; 400 bales, Mir-pur Mathelo, at Rs7,050; 2,000 bales, Rohri, at Rs6,500 to Rs6,700; 1,600 bales, Saleh Pat, at Rs6,550 to Rs6,750; 2,200 bales, Haroonabad, at Rs6,450; 2,400 bales, Rahim-yar Khan, at Rs6,875 to Rs7,000; 600 bales, Khane-wal, at Rs6,300; 1,200 bales, Mianwali, at Rs6,300; and 1,000 bales, Layyah, at Rs6,300. On global front, world leading cotton markets gave mixed trend with Indian cotton closing steady while the New York and Chinese cotton markets were under pressure.

**Australian cotton production to grow 4% in  
2017-18: ABARES**

**Fibre 2 Fashion**

<http://www.fibre2fashion.com/news/cotton-news/australian-cotton-production-to-grow-4-in-2017-18-abares-229535-newsdetails.htm>

Cotton production in Australia is forecast to rise by 4 per cent to 968,000 tonnes in 2017-18 season. This is expected to be largely driven by an increase in yields in irrigated plantings following the poor yields achieved in the previous season, according to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES).

In the ongoing cotton season, total area planted to cotton is forecast to decline by 10 per cent to 500,000 hectares due to a decrease in the availability of irrigation water and dry seasonal conditions at the opening of the planting window. This forecast is a smaller decline than forecast in *Agricultural commodities: September quarter 2017*.

However, favourable returns from growing cotton compared with alternative crops (grain sorghum, maize and rice) combined with above average rains in October 2017 have provided the incentive and opportunity for Australian producers to increase dryland plantings by more than previously expected. This was further facilitated by an extended planting window following the introduction of Bollgard 3 cotton varieties which increased the planting window to four months (August to December), ABARES said in its latest report *Agricultural commodities: December quarter 2017*.

The decline in area under cotton is due to less stored irrigation water and lower soil moisture at the time of planting. As on November 23, 2017, the average storage level of public irrigation dams serving cotton-growing

regions was around 59 per cent of capacity, compared with 73 per cent at the same date in 2016, the report said.

In 2017-18, Australian cotton exports are forecast to increase by 24 per cent to 944,000 tonnes. This forecast is supported by production growth in 2016-17 and 2017-18 and strong import demand for quality cotton from Bangladesh, China, India and Vietnam. As a result, the value of Australian cotton exports is expected to increase by 18 per cent to around \$2.1 billion, reflecting an increase in export volumes.

Average returns to Australian cotton growers in 2017-18 are forecast to be Au\$600 per bale (of 227 kg each) of lint (including the value of cottonseed and net of ginning costs), down from Au\$609 per bale in 2016-17, mainly due to lower world cotton prices