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NEWS CLIPPINGS –14-06-2018

**India sells new season cotton crop to
China in rare advance deals**

Money Control

<https://www.moneycontrol.com/news/business/economy/india-sells-new-season-cotton-crop-to-china-in-rare-advance-deals-2589625.html>

China will import 1.4 million tonnes of cotton in the 2018/19 crop year, its agriculture ministry said on Tuesday, raising its forecast from a previous estimate of 1.2 million tonnes due to a poor local crop.

India's cotton exporters have signed contracts to ship 500,000 bales (85,000 tonnes) of their new season harvest to China as the world's biggest consumer of the fibre looks to raise its imports in the next crop year, industry officials told Reuters.

Exporters in India, the world's biggest producer of cotton, usually start selling new season cotton from end-August, after estimating the nation's crop size. But robust demand from China and higher prices have prompted Indian exporters to sign deals in advance, the officials said.

"Chinese demand is very robust. They are ready to book Indian cotton," said Atul Ganatra, president of the Cotton Association of India (CAI).

"But Indian traders don't have a clear idea about the upcoming crop size and prices, so they are hesitant to commit to large amounts," he said

Most Indian farmers sow cotton with the arrival of monsoon rains in June, and the crop is typically ready for harvesting from the end of September.

Indian cotton was sold at around 86 to 92 cents per pound on a cost and freight basis (C&F) to China, for shipments in November and December, said Chirag Patel, chief executive at Jaydeep Cotton Fibres Pvt Ltd, a leading exporter.

The country could export more than 2 million bales (340,000 tonnes) to China in November and December as Indian cotton is nearly 10 cents a pound cheaper than supplies from other exporters such as the United States and Brazil, Patel said.

China will import 1.4 million tonnes of cotton in the 2018/19 crop year, its agriculture ministry said on Tuesday, raising its forecast from a previous estimate of 1.2 million tonnes due to a poor local crop.

Some traders said China's forecast was too low, with one estimating Chinese imports in the range of 1.5 million to 2.5 million tonnes.

"Everyone thinks prices will go up further, so many deals have been signed," said an Indian trader, who declined to

be named.

New York cotton futures were trading near their highest in more than six years due to worries over dry weather in West Texas, a major producing region in top exporter the United States.

India's cotton exports are likely to jump nearly 30 percent from the previous year to a four-year high of 7.5 million bales (1.3 million tonnes) in the 2017/18 crop year, which ends on September 30.

Amid the robust export demand, cotton sowing in India has been delayed by nearly a fortnight in central and southern India due to patchy rainfall, but it is expected to pick up in coming weeks, said Ganatra of CAI.

**ICE cotton futures flat ahead of U.S.
export sales report**

CNBC

<https://www.cnbc.com/2018/06/13/reuters-america-ice-cotton-futures-flat-ahead-of-u-s-export-sales-report.html>

ICE cotton futures settled little changed on Wednesday, ahead of a weekly exports sales report by the U.S. Department of Agriculture (USDA).

The most active cotton contract on ICE Futures U.S., the

third-month December contract , settled up 0.03

cent, or 0.03 percent, at 92.93 cents per lb. It traded within a range of 91.92 and 93.69 cents a lb.

The USDA's weekly export sales report is due on Thursday.

"The market is waiting for sales (report) to come tomorrow," said Rogers Varner, president of Varner Brokerage in Cleveland, Mississippi.

Market participants are keeping a close watch on rain in Texas, the major cotton-growing region in the United States.

Texas is turning cautiously optimistic even if time is running out as separate tropical systems in both the Pacific and in the Caribbean give West Texas and South Texas respectively, chances for meaningful precipitation early next week, Ron Lee, general manager at McCleskey Cotton in Bronwood, Georgia, said in a note on Wednesday.

Meanwhile, India's cotton exporters have signed contracts to ship 500,000 bales (85,000 tonnes) of their new season harvest to China as the world's biggest consumer of the fibre looks to raise its imports in the next crop year, industry officials told Reuters.

The (U.S.) market hopes for significant new demand from China, but must wait until Friday when the Trump administration will announce its next moves against the Chinese," Jack Scoville, vice president with Price Futures Group in Chicago, said in a note.

"Cotton would be a loser in a trade war with China as China once again looks ready to become a major world buyer."

Total futures market volume rose by 12,412 to 65,774 lots. Data showed total open interest fell 1,947 to 309,608 contracts in the previous session.

Certificated cotton stocks <CERT-COT-STX> deliverable as of Jun 12 totaled 79,472 480-lb bales, up from 78,421 in the previous session.

(Reporting by Vijaykumar Vedala in Bengaluru; Editing by David Gregorio)

Monsoon, dry spell and a gamble for Maharashtra farmers

DNA News

<http://www.dnaindia.com/analysis/column-monsoon-dry-spell-and-a-gamble-for-maharashtra-farmers-2625019>

Farmers in Maharashtra are on tenterhooks. They have prepared their fields for the sowing of kharif (monsoon) crops, but a cloud of uncertainty hangs over their heads. On the one hand, on June 11, the India Meteorological Department (IMD) announced advancement of the southwest monsoon “into some more parts of Marathwada and Vidarbha” regions in the state; and on the other hand, in the same press release, the Met department said: “thereafter [after 48 hours] no further advance [of the monsoon] is likely for the next one week due to probable weakening of monsoon flow”. In short, the IMD has forecast a dry spell for least a week, beginning June 14.

Meanwhile, its multi-model ensemble (MME) extended range forecast for the next four weeks is hinting at the possibility of the dry spell extending up to June 28.

Dr M Rajeevan, secretary, Union Ministry of Earth Sciences, cautioned that monsoon would remain subdued for at least another 10 days, except over the north-east and west coast of the country. This is expected to delay monsoon over Gujarat, Madhya Pradesh and eastern parts of Uttar Pradesh. Since there won't be a lot of rainfall over Maharashtra in the next 10 days, farmers should be advised about the dry spell, he said, adding that monsoon is expected to revive after June 25.

This impending dry spell has thrown the state's farmers into a tizzy, who, after 'good' pre-monsoon showers (large excess rainfall of 60 percent or more in Marathwada and Vidarbha, and excess rainfall between 20 percent and 59 percent in Madhya Maharashtra for week ending June 6), were waiting to sow (locally known as perni) the kharif crops. But, the memory of last year's failure of kharif sowing, due to a prolonged dry spell in the region, is still fresh in their minds. Predictably, the farmers are having sleepless nights, fearing another year of kharif losses.

According to Dr RR Kelkar, former director general of the IMD, the southwest monsoon takes at least 45 days to establish itself across the country, and dry spells are a part of monsoon. A dry spell becomes a matter of concern when it is prolonged and can lead to sowing/crop failure, which happened last year in Vidarbha and Marathwada, where a majority of the farmers practice rain-fed farming (due to lack of irrigation facilities).

Post-sowing, there is a need for regular rainfall so that the seeds/seedlings don't dry or crop growth is not stunted. Sowing failure means farmers have to reinvest in buying seeds, fertilisers, and chemicals, which puts an additional financial burden on them. It must be noted that Vidarbha and Marathwada regions of Maharashtra are often referred to as the farmers' suicide belt of India. As per news reports, over 2,414 farmers took their lives in the state,

between January and October last year. The situation is no better this year.

Manik Kadam, president of Marathwada division of Swabhimani Shetkari Sanghatana, a state-level farmers' organisation, claimed that in the last six months, about 1,880 farmers had committed suicide in Marathwada alone.

Whereas last year, both the IMD and the state government had failed to timely warn the farmers about a prolonged dry spell in the region. This year, an advisory on the dry spell was issued in advance. On June 7, the state government issued an advisory, informing farmers not to hurry with kharif sowing because of the impending dry spell. This has delayed large-scale sowing in the state. But, the worries of farmers are far from over who have to choose between the devil and the deep blue sea.

Gajanan Divekar of Waghmare village in Yavatmal said that farmers were at their wits' end. If they wait till the end of the month, they may miss the kharif crop cycle; but, if they sow now, the dry spell may lead to a sowing failure.

Knowingly, some farmers have taken the risk and gone for sowing of Bt cotton in talukas such as Arni (in Yavatmal), which have received good pre-monsoon showers. Kadam claimed that several small and marginal farmers, owning up to five-acre land, had already sowed Bt cotton crop in Marathwada. However, soybean farmers were still holding on, but for how long? Mohan Gojamgunde, agriculture officer of Latur, informed that in talukas receiving more than 100-125mm rainfall in pre-monsoon, farmers may go in for sowing, irrespective of the dry spell advisory. He also added that no formal communication regarding the dry spell had come from the Commissionerate of Agriculture in Pune. Agriculture officers and farmers had come to know about the dry spell from news reports or WhatsApp forwards.

Clearly, rain-fed agriculture is a gamble and desperate farmers of Marathwada and Vidarbha are its pawns. Officially, the southwest monsoon has already covered major parts of Marathwada and Vidarbha, barring some parts of madhya Maharashtra, as confirmed by Dr M Mohapatra, additional director general of IMD. But the arrival of monsoon has brought little cheer to the farmers who are hanging by a thread. The last one year has been a year of insurmountable losses to the state's farmers, who lost their last kharif crop due to a prolonged dry spell. The Bt cotton crop, too, was lost to the pink bollworm attack. And, rabi (winter) crops were destroyed due to hailstorms early this year. In the last kharif season, the state government declared 14,679 villages as drought-hit, of which 9,799 villages were from Vidarbha. During the last rabi season, eight more talukas in three districts of Yavatmal, Washim and Jalgaon were added to the list of drought-hit areas. Can the farmers of Maharashtra cope with another dry spell?

Illegal cotton seeds sales surge in Maharashtra, other states

Deccan Chronicle

<https://www.deccanchronicle.com/nation/current-affairs/140618/gst-makes-agricultural-costly-neutralises-sop-benefit.html>

The rollout of GST appears to have made the cost of agricultural operations higher, thanks to a 12 per cent rise in fertiliser prices. According to latest prices, the price of urea bag has been increased by Rs 36 compared to the pre-GST regime and a bag of complex fertiliser is priced Rs 80 more. Seed companies too have increased their product prices. However, the government had banned the sale of seeds for the interim period.

But with all mandals receiving rain, farmers are in no mood to wait and are buying chilli and cotton seeds from Guntur, whose quality remains unverified.

Though the amount received under Rythu Bandu proved to be a relief to small and marginal farmers, they say the investment support is not sufficient to cover the rising farming costs.

State Agriculture Action plan to be unveiled soon

The state government has set a target of 1.37 crore tonnes for foodgrain production this year (2018-19) — an increase of 47 lakh tonnes over last year's target. The Agriculture Action Plan is likely to be unveiled this week.

Though the last year's target was 90.88 lakh tonnes, only 85.45 lakh tonnes of foodgrains were produced. The target was missed due to lower production caused by deficit rainfall during kharif season last year.

Among all the foodgrains, paddy plays the major role with higher production in the state.

The agriculture department has put the estimated normal crop sown area for 2018-19 at 1.53 crore acres. Of this, the normally sown area in kharif has been pegged at 1.14 crore acres and rabi 38.75 lakh acres.

Agriculture minister Pocharam Srinivas Reddy said, "Kaleshwa-ram lift irrigation project is expected to provide water to an additional five lakh acres by rabi this year. Another nine lakh acres will get irrigation facility with the completion of various pending projects. The crop sown area will increase by 14 lakh acres over last year, which will in turn result in higher foodgrain production."

The government has so far distributed Rs 4,500 crore to 44.75 lakh farmers under the rythu bandhu scheme, which is expected to increase the crop sown area.

Tough Times Ahead for Indian Businesses if Trump Imposes Retaliatory Tariffs

The Wire

<https://thewire.in/trade/us-india-trade-donald-trump-tariffs>

India's exports to the US, especially those from sectors like textiles, gems and jewellery, automotive, organic chemicals and pharmaceuticals, could be hurt badly if US President Donald Trump carries out his threat of imposing retaliatory import duties on Indian products. This possibility looks real, given the way Trump has publicly shamed traditional US allies like Japan, Germany and Canada, and levied punitive duties on their steel and aluminium exports.

Any US move to levy retaliatory tariffs will largely hit India's small and medium enterprises. That could complicate the Narendra Modi government's political challenges, with general elections just around the corner.

The US accounts for nearly 16% of India's total exports. In 2017-18, India had a trade surplus of \$21 billion with the US.

The US's industrial tariffs have fallen to close to zero after several rounds of trade liberalisation. But on the other hand, India still continues to impose high import duty, which riles Trump.

For example, India has kept high tariffs on automobiles and motorcycles (60-75%), alcoholic beverages (150%) and textiles (some ad valorem equivalent rates exceed 300%).

What is even more worrying for the US is that as much as 25% of India's industrial tariffs remain unbound at the WTO.

According to latest WTO data, in 2015 India's average bound tariff rate was 48.5%, while its simple 'most favoured nation' average applied tariff was 13.4%. The US has expressed concern over this, saying its exporters face tremendous uncertainty as India has considerable flexibility to change tariff rates at any time.

Meanwhile, US exporters of stents and knee implants are seething with anger over price caps placed by India on these medical devices.

Value of key Indian exports to the US in 2017-18

Product category	Exports (\$bn)
Gems and jewellery	10
Pharmaceuticals	4.66
Apparel	3.85
Made-ups	2.39
Road transport vehicles	2.12
Organic chemicals	1.58

Source: Commerce Ministry

The US trade deficit with India has become a sore point for the Trump administration, which wants full reciprocity in trade relations with all countries.

That Trump has publicly flagged that India imposes prohibitive duties of 100% on some products has left little doubt about US intention. Indian trade diplomats' hope of being exempted from prohibitive US steel and aluminium tariffs has already proved false. They cannot afford to stay complacent about the threat of US slapping punitive tariffs on Indian exports, said trade experts.

"We're like the piggybank that everybody is robbing," Trump said while addressing a press conference in Canada's Quebec City at the conclusion of the G7 summit.

Trump has made it clear that his tariff grievances went beyond developed economies. He especially mentioned India, which he said imposed prohibitively high tariffs on US products like Harley Davidson motorcycles.

Indian exporters worried

Meanwhile, garment exporters are worried at the prospect of the US levying equivalent import tariffs. Currently, US import duty on garment import varies from 8% to 28%. In comparison, India imposes customs duty on garment imports at the flat rate of 32%.

India's garment exports in 2017-18 were 11% lower than the preceding year. This declining trend continues in the current

fiscal year too.

As much as 30% of India's garment exports go to the US.

One Gurgaon-based garment exporter, who did not want to be identified, told *The Wire* that the sector could face troubles if the US imposes an equivalent duty on garment imports.

Indian exports of gems and jewellery to the US, estimated at \$10 billion in 2017-18, too could face serious hurdles if the latter levies retaliatory tariffs. Export of road transport vehicles and organic chemicals are also at the risk of being hit with high tariffs.

Task cut out for Indian trade diplomats

The Trump administration has ordered a review of India's compliance with 15 conditions outlined by the Congress for availing concession tariffs in the US market under Generalised System of Preferences (GPS).

Tariff concessions are crucial for Indian SMEs exporting their products to the US market. The Indian government has pleaded its case before the GSP subcommittee, which is conducting a review of India's eligibility and will decide if the country is providing "equitable and reasonable" market access as a quid pro for GSP benefits.

But there is not much hope of India getting a clean chit in the GSP review in which powerful US trade associations are petitioners. While the National Milk Producers' Federation and the US Dairy Export Council have complained about restricted market access for farm products, the Advanced Medical Technology Association has brought up price caps on coronary stents and knee implants.

Given all of this, it would not be surprising if the US president goes ahead with his threat of increasing tariffs on exports from India in the event talks do not yield results.

Starting from June 10, India's commerce minister Suresh Prabhu was on a two-day visit to the US, where he held talks with US secretary of commerce Wilbur Ross and US Trade Representative Robert E. Lighthizer to cool the rising trade tensions between the two countries. However, chances that Prabhu persuaded the US administration to drop its demand of full reciprocity in bilateral trade relations look dim.

India's exports to the US grew by 13.42% during the year, much faster than the 9.98% growth rate of its overall merchandise exports, underlining the significance of the American market for Indian industry.

However, the easy access that Indian exports have traditionally enjoyed in the US market could be a thing of the past soon, if the Modi government does not properly handle Trump's demand on reciprocity in bilateral trade relations.

**Solar thermal industry seeks
govt attention**

Financial Express

<https://www.financialexpress.com/india-news/solar-thermal-industry-seeks-govt-attention/1205269/>

The solar thermal industry in India is miffed as it believes that the ministry of new and renewable energy is ignoring its contribution in the renewable energy space.

The solar thermal industry in India is miffed as it believes that the ministry of new and renewable energy is ignoring its contribution in the renewable energy space, though the country ranks among the top five markets globally for solar thermal.

There is scope to save Rs 5,000 crore annually by supplementing solar thermal with fuel oil, said the Solar Thermal Federation of India (STFI).

According to the STFI, the solar thermal industry in India has been growing without any financial assistance from the Centre. Yet, it fails to find a mention of its contribution. Solar heating and cooling solutions are a substitute for fuel oil/diesel. Solar heat is used in large public and private building as well as factories for cleaning, steam production, heating and surface treatment in manufacturing, and comes at 40% lower costs.

As per the Renewable Global Markets Status 2018, India continues to maintain its position among the top five markets globally for solar thermal. "Solar heat for industrial processes (SHIP) is an upcoming market in India and we are placed fourth in the world. With oil prices looking high, SHIP will have a vital role to play in reducing dependence on oil," Jaideep N Malaviya, secretary general at STFI, said.

The Indian solar thermal capacity saw a 26% y-o-y growth in 2017, the highest growth across the globe. With capacity of 2.8 MW thermal India was among the top 10 markets for concentrated heat technologies in 2017 along with Oman, China, Italy and Mexico. When it comes to solar water heating collectors capacity in operation, India was at number six behind China, the US, Turkey, Germany and Brazil.

India has used solar thermal across various industries and has the largest number of units using the technology, unlike in other countries where it is used in limited areas, Malaviya said. The Swiss use it in the dairy industry, Chile uses it in mining and in the Gulf, it is used for refining. In India, it is used in pharma, textile, food processing, textile, fertiliser and many more industries, an achievement which is appreciated globally but ignored at home, said Malaviya.

The Ministry of New and Renewable Energy has not considered this contribution either in the grid-interactive power capacity or the off-grid/captive power segment, said Malaviya. There needs to be a special category for solar thermal if it does not fit into either of these categories, he suggested.

The energy demand of the industrial sector in India accounts for 189.43 million tonne of imported crude oil, as per a study by GEF-UNIDO. Of this, around 30 million tonne is provided by the thermal energy at temperature below 250 degree Celsius and solar technologies can produce a range of temperature between 50 degree C and 400 degree C, which can be used in a variety of industrial heating applications and can supplement up to 5% of fuel oil which translates into `5,000 crore in annual savings, Malaviya said.

While there is 30% subsidy for solar thermal, the STFI said it needs something similar like the power sector has with its RPO or renewable purchase obligation.

The STFI has 28 members, who account for close to 80% of the solar thermal manufacturing in India.

India brings hope to garment exporters

The Daily Star

<https://www.thedailystar.net/business/india-brings-hope-garment-exporters-1590964>

Garment shipments to India, a country with a \$50 billion apparel market, more than doubled in the first 11 months of the fiscal year -- in a promising development for Bangladesh's manufacturers.

Between July last year and May this year, apparel items worth \$253.07 million were shipped to the neighbouring country, in contrast to \$117.21 million a year earlier, according to data from the Export Promotion Bureau.

The reason for the exponential rise is bulk purchase by Western brands with operations in India and Indian clothing chains, which are finding Bangladesh's garment items to be more competitively priced for India's bulging middle-class demographic.

Like in previous years, woven garment shipments outnumbered knitwear as the demand for formal shirts is high in the country packed with office-going executives.

Between July and May, \$187.37 million worth of woven garment items were shipped to India and \$65.70 million worth of knitwear products, EPB data showed.

"Garment export from our factory to India is increasing every year. But the receipts are still very low," said Mohammad Hasan, executive director of Babylon Group, a leading garment exporter.

Apart from Indian retailers like Tata, Reliance and Arvind, Western brands like H&M, Zara and Mango are sourcing garment items from Bangladesh in bulk quantity.

"We see India as an emerging market for us," Hasan said.

In the next few years, garment exports to India might cross the \$1 billion-mark, said Siddiquir Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

Were garment afforded the privilege of duty-free access to India, the receipts would have hit \$1 billion by now.

Bangladeshi garment exporters face 12.5 percent countervailing duty for shipment to India, although India announced duty-free facility on all Bangladeshi products except some alcoholic and beverage items in 2012.

Overall, exports to India increased 24.67 percent year-on-year to \$792.88 million in the July-May period.

Turkey wants to tighten up China textile imports: clothing firms

Reuters

<https://www.reuters.com/article/us-turkey-textiles/turkey-wants-to-tighten-up-china-textile-imports-clothing-firms-idUSKBN1J91Y7>

Turkey wants to impose new requirements on textile firms importing material from China, alarming leaders of one of the country's biggest export industries, three clothing company executives told Reuters.

They said the plans were discussed at a meeting in Ankara on Monday between economy ministry officials and representatives of textile companies, who had requested the meeting to ask that the planned measures be delayed or revised.

An economy ministry official confirmed the meeting at the ministry, without giving details. "We expressed support for production imports from China, but on the condition of bringing value added to Turkey," the official said.

Turkey's textile sector is a pillar of its economy. Ready-to-wear clothing accounted for about 18 percent of Turkey's \$157 billion exports last year.

Cuneyt Yavuz, Chief Executive Officer of jeans retailer Mavi, said he believed the government plan was aimed partly at tackling Turkey's widening current account deficit, which reached \$47.1 billion last year.

Turkey imported a quarter of its \$10.1 billion textile imports from China in 2017, more than half of which are cotton fabrics and intermediary goods. "The ministry had a plan to increase the documentation of textile imports from China," Yavuz told Reuters. "This plan was only regarding the textile sector... and it would go into effect in mid-July".

He said business leaders at the meeting told the ministry that material imported from China was sold on to other countries such as Russia and the United States, benefiting Turkey.

"I was told that there would be either a postponing or at least a revision in the ministry's plans" which were originally intended to go into effect in mid-July, Yavuz said.

FRUITFUL MEETING

Another senior textile sector executive who attended Monday's meeting said the new measures included obtaining documents about the Chinese companies they are buying from, which will add costs and cause delays in trade.

"The ministry undersecretary told us that there is a huge trade deficit with China, where our imports are about 10 times the size of exports," the executive told Reuters.

"They want some balance. But they understood our concerns and promised to take another look at the proposed measures." The chief executive of another major Turkish textile company, confirmed that the ministry had been asking for additional documents for textile imports from July, but said the ministry had been asked to postpone the move until January.

"We had been informed that we would need a lot of extra documents for imports from China, so we demanded this meeting," said the CEO, whose company has almost 150 stores in Turkey, and exports to seven other countries.

"The ministry didn't ask us to stop producing in China. It was a fruitful meeting. We asked them to postpone the plan until at least January 2019, which the ministry will evaluate."