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NEWS CLIPPINGS –02-06-2018

At 94,000 crore, GST collection lower in April	Times of India https://timesofindia.indiatimes.com/business/india-business/at-94000-crore-gst-collection-lower-in-april/articleshow/64422123.cms

Goods and Services Tax (GST) collections were estimated at Rs 94,000 crore in April, higher than their monthly average but lower than the Rs 1 lakh crore mopped up in March.

While the collections are lower than the informal target of Rs 1 lakh crore a month, the government is drawing comfort from what it believes is an improvement in compliance. "The total GST collection for May 2018 (for sales in April) is Rs 94,016 crore, which is higher compared to average monthly collection of Rs 89,885 crore of 2017-18. This reflects better compliance after introduction of e-way bills," finance secretary Hasmukh Adhia tweeted.

As per the experience of last 5 years, the average collection of taxes on goods and services during April is approx 7.1% of the annual taxes as against 11% for March. April is traditionally the month of lowest monthly collection. Going by this past experience of indirect taxes and the robust trend in GDP Growth, the April collection of GST indicates a very promising future for indirect tax revenue," Adhia said.

Pratik Jain, who leads the indirect tax practice at PwC India said the government can hope for monthly collections of Rs 1 lakh crore soon. With e-way bills, which are electronically generated numbers to track consignments, scheduled to be mandatory for all shipments of over Rs 50,000 from Sunday are expected to help boost numbers further. Currently, all goods for inter-state movement above the threshold need e-way. While most states have moved to e-way bills for intra-state movement, only a handful are left

"Introduction of e-way bills could be one possible reason for the increased revenue collection... With introduction of other anti-evasion measures like intra-state credit matching, e-way bills, TDS/TCS, etc, these collections should further increase," said Abhishek Jain, partner at EY.

Up to May 31, the number of returns filed for April was 62.5 lakh, as against 60.5 lakh for March, which also pointed to improved compliance.

Cotton prices rise in Gujarat on good export demand	Financial Express https://www.financialexpress.com/market/commodities/cotton-prices-rise-in-gujarat-on-good-export-demand/1190574/

Cotton prices are on the upswing in Gujarat and have moved up by Rs 3,000 per candy of 356 kg in past 10 days on the back of good export demand and rising international rates of the commodity precipitated by adverse weather conditions in US and China

Cotton prices are on the upswing in Gujarat and have moved up by Rs 3,000 per candy of 356 kg in past 10 days on the back of good export demand and rising international rates of the commodity precipitated by adverse weather conditions in US and China. According to the industry experts, Indian cotton is currently the cheapest in the world and that is why global demand has been diverted here. Cotton prices are presently at about Rs 45,000 per candy, up from Rs 42,000 ten days ago in Gujarat. One of the reasons being cited for the increase in prices is the decrease in arrivals to 40,000 bales (a bale of 170 kg) per day in the state with the cotton season drawing to a close. Looking to the present scenario of the market, cotton prices may continue to grow as the arrival of the quality cotton is limited.

“Due to unfavoUrable climate condition in major cotton growing countries like China and US, international prices have gone up sharply and global demand has diverted to the India as our cotton in terms of price is cheaper. China, Bangladesh and Vietnam are aggressively buying Indian cotton which lifted prices in domestic markets,” said Arun Dalal, leading trader and exporter from Ahmedabad.

As on 31 May, India has exported about 6.5 million bales of cotton and of it nearly 3.5 million bales have been exported from Gujarat alone. Last year, the country’s exports had touched some 58 lakh bales.

ICE cotton futures gain on spec buying, Texas weather concerns	**CNBC** https://www.cnbc.com/2018/06/01/reuters-america-ice-cotton-futures-gain-on-spec-buying-texas-weather-concerns.html

ICE cotton futures rose on Friday, helped by buying from speculators amid concerns of hotter weather conditions in Texas, the major producing region of the natural fiber in the United States.

* The most active ICE cotton contract for December expiry settled up 0.72 cent, or 0.79 percent, at 92.36 cents per lb. It traded within a range of 91.21 and 93.00 cents a lb. * The December contract marked its best week since July 2016, gaining 6.6 percent.

* Prices are up due to spec buying even as the weather in Texas is still very hot and burning up, said Peter Egli, director of risk management at British merchant Plexus Cotton. * "I think the market is also looking more and more toward next year's Chinese imports ... People expect more Chinese imports next year and a structural change in the overall balance sheet," Egli added.

* The U.S. Department of Agriculture on Friday reported net upland sales of 16,700 running bales (RB) for 2017-18, a marketing-year low, and 238,100 RB for 2018-19 for the week ended May 24. Exports of 373,300 RB were down 7 percent from the previous week and 16 percent from the prior 4-week average.

* The International Cotton Advisory Committee (ICAC) on Friday lowered its global cotton inventory forecasts for the 2018-19 crop year.

* Along with weather issues in the Xinjiang region which represents 75 percent of China's cotton area and potential drought conditions in West Texas affecting 25 percent of the U.S. crop, there may be concern of quality supply gaps which may affect next season's supply, the ICAC said in its monthly report.

* The contract for July expiry settled 0.16 percent higher at 93.30 cents per lb.

* Speculators raised their net long position in cotton by 3,686 contracts to 111,587 contracts in the week to May 29, U.S. CFTC data showed on Friday. * Total futures market volume edged up 509 to 56,625 lots. Data showed total open interest gained 5,005 to 317,849 contracts in the previous session.

* Certificated cotton stocks <CERT-COT-STX> deliverable as of May 31 totaled 76,385 480-lb bales, up from 74,361 in the previous session.

Govt considering more concessions to exporters	**Times of India** https://timesofindia.indiatimes.com/business/india-business/govt-considering-more-concessions-to-exporters/articleshow/64422022.cms

In view of an adverse impact of the goods and services tax (GST) on exports — particularly in the handicrafts, apparel and carpet sectors — the government is looking at making certain concessions in rates and allowing additional input tax credits to the industry, including a likely reduction of rates on finished carpets and expanding the list of duty-free imports of essential embellishment to make them competitive in the international market.

The carpet industry had demanded the duty to be brought down from the existing 12% to 5% to make Indian carpets competitive internationally. The proposals are being worked out by the ministries of finance and textiles after a marathon meeting finance minister Piyush Goyal and textiles minister Smriti Irani had with representatives of various export promotion councils and industry captains last Sunday

The J&K and Uttar Pradesh governments had made a strong case for concessions and the decision to reduce rates was on the table at least since last November.

The government is concerned over the fact that since October last year, exports of ready-made garments have significantly declined. It was found that the introduction of GST had “unintended consequence” of reducing tax refunds by 5-7% as compared to the pre-GST period, making Indian apparel uncompetitive in the international market, a top functionary privy to the meeting said.

More than Rs 5,700 crore of refunds are stuck due to procedural issues after implementation of GST, contributing to cost escalation and slowdown in exports. Soon after the meeting, the FM on Tuesday announced setting up of a fortnight-long special refund drive by the Central Board of Indirect Taxes and Customs from May 31 to June 14 to resolve the input tax credit- (ITC-) and integrated GST- related refunds.

The government is also looking at giving exporters input credit for certain embedded state and central levies for which no such provision is available at present.

Texprocil appreciates pro-active steps taken by the Govt. in resolving issues affecting exports of cotton textiles	**Ann news** https://www.aninews.in/news/business/business/texprocil-appreciates-pro-active-steps-taken-by-the-govt-in-resolving-issues-affecting-exports-of-cotton-textiles201806011248520003/

The Finance Minister Piyush Goyal and the Textile Minister Smriti Zubin Irani held a meeting with Texprocil and other Textile Export Promotion Councils and Associations on 27.05.2018 to discuss issues relating to matters of taxation and promotional schemes affecting textile exports.

In a statement, Ujwal R Lahoti, Chairman, Texprocil expressed his sincere gratitude to the Ministers of Finance and Textiles for having patiently listened to the issues which are impacting exports of cotton textiles from India. Lahoti pointed out in the meeting that even though the exports of cotton textiles have shown an increase of 7 percent during the previous financial year 2017-18 and reached USD 11 Bn, it has the potential to reach USD 20 Bn in the next 5 years, if the Government were to support the sector with a few policy measures like refund of embedded taxes (which has also been recognised by the Economic Survey for the year 2017-18), extending the innovative Refund of State Levies (ROSL) scheme which refunds state levies like VAT on fuel used in transportation (raw materials, finished goods and factory workers) and generation of captive power, Mandi tax, Duty on electricity, Stamp duties on export documents etc. and expedite the refund of pending GST and IGST claims and ROSL of the exporters.

Lahoti thanked the Ministers of Finance and Textiles for agreeing to clear the dues arising out of ROSL refunds in 15 days by providing necessary funds, authorising the Pillai Committee on Duty Drawback to examine issues of embedded taxes for all textile products and reviewing ROSL rates for Made-ups, issuing instructions for including yarn and fabrics under the scheme, look at alternate Export Promotion Schemes in consultation with the Ministry of Commerce and also ensure that all pending claims under GST and IGST are refunded within a period of next 15-20 days.

Lahoti pointed out that as India was blessed with the entire textile value chain, a holistic and integrated approach needs to be adopted so that all the segments in the value chain like yarn, fabrics, made-ups get the benefit of the tax and incentive benefits. By ensuring an integrated approach, India can increase its share in world trade in cotton textiles from the present 10% to 15% in the next five years. This will, in turn, spur higher investments and employment generation, he added.

Irani tells textile industry to meet DGFT over problem of dumping	**Times of India** https://timesofindia.indiatimes.com/city/surat/irani-tells-textile-industry-to-meet-dgft-over-problem-of-dumping/articleshow/64420977.cms

Union minister for textiles Smriti Irani, who was on a day’s visit to Surat to propagate the achievements of Narendra Modi government in last four years, avoided meeting the stakeholders from the textile sector, including the leaders of power loom weaving industry, on Friday. Irani refused to meet anyone from the textile sector, stating that she has come to attend the party’s programme.

The power loom weavers have been demanding the refund of input tax credit (ITC), which the central government has not agreed upon.

Addressing a media conference, Irani said, “The government has launched special refund fortnight starting from May 31 to June 14 wherein the claims under IGST on or before April 30, 2018 will be cleared.”

According to Irani, the central government has accepted some of the demands put forth by the textile sector, including the increase of 20 per cent duty, on the import of silk and 5 per cent GST on job work etc.

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How cotton is comforting Cauvery delta farmers	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/how-cotton-is-comforting-cauvery-delta-farmers/article24060877.ece

The dry spell in recent years in the Cauvery Delta districts has brought to the fore the need for diversifying crop variety in the traditional paddy growing areas.

Cotton has emerged a possible option in some of the districts during the dry season.

In the Delta districts, cotton is harvested in June-August as a summer crop. This is in contrast with traditional cotton growing areas in western parts of Tamil Nadu where it is sown in July-August and harvested during the year end in winter.

According to VKV Ravichandran, a leading farmer in Nannilam in Thiruvarur district, and a Director in the Iowa-based Global Farmers Network, farmers have shown a keen in the cash crop in recent years due to multiple reasons.

Apart from the dry spell which hit paddy, he pointed out pulses are also not remunerative and is ruling below support prices. Farmers generally go for a pulse crop after summer paddy.

But, cotton prices at about ₹50-60 a kg as compared with ₹40 in the previous year.

According to official sources, while cotton areas are up in certain areas, a shift in mindset is needed. Last year, in 2016-17 the cotton coverage in Tiruvarur district had increased to about 6,900 ha up from about 4,000 ha in the previous year which is about normal for the district.

In the current year, the estimated coverage is 4,200 ha and is coming up for harvest by June-end. It is above average for the district.

In Thanjavur district, the core paddy growing area, in 2016-17 the area was down to about 637 ha due to peak drought and this year it is estimated at 1,100 ha. This is a 10-15 per cent increase over traditional coverage of about 1,000 acres.

Officials agreed there is a potential to expand cotton during a dry spell early in the year.

Ravichandran, who has put together farmers groups in the area in earlier seasons to scale up cotton produce for marketing, said farmers groups in the area had benefitted by coordinating on cotton cropping practices and choice of variety. They were able to sell directly to ginning mills. The mills too were keen on purchasing directly as they get uniform quality of cotton.

Kharif sowing yet to gather pace, early cotton planting affected	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/kharif-sowing-yet-to-gather-pace-early-cotton-planting-affected/article24060845.ece

Despite the early onset of monsoon as forecast by the India Meteorological Department, kharif planting is yet to pick up momentum.

Slow down

The total area covered continues to lag as compared with the corresponding period last year, according to kharif crop sowing data released by the Union Agriculture Ministry on Friday. The area under cotton cultivation was particularly down in Haryana and Punjab, while planting of sugarcane on the other hand was marginally up. The total area planted so far was 72.61 lakh hectares (lh), which is nearly 5 lh lower than the same period last year.

Sugarcane has been planted over 49.32 lh with major producers such as Uttar Pradesh planting 22.17 lh and Maharashtra 9.41 lh.

Losing ground

The cotton area was restricted to less than 10 lh the corresponding period last year being 12.18 lh, the official data showed. In the case of paddy too, there was a major shortfall with the total acreage remaining 2.95 lh as against 5.2 lh previously.

The planting of pulses, coarse cereals and oilseeds too was on a lower side as compared to last year so far.

Cotton acreage to decline 10-12% this kharif season as farmers shy away	Business Standard https://www.business-standard.com/article/markets/cotton-acreage-to-decline-10-12-this-kharif-season-as-farmers-shy-away-118060100565_1.html

Farmers are shifting to other remunerative crops like soybean and paddy in major growing states

Sowing area under cotton is likely to decline by 10-12 per cent this year as farmers shift to other remunerative crops such as soybean and paddy to fetch better prices for their produce.

The area under cotton is likely to decline to 10.7 million ha this year compared to 12.2 million ha last year as distressed farmers in Punjab, Maharashtra, Telangana and Andhra Pradesh have evinced weak interest in this cash crop.

Farmers' dissatisfaction can be attributed to two major factors. Firstly, cotton was heavily impacted by pink bollworm last year which farmers fear spoil the crop this year as well. Secondly, prices remained subdued throughout last year, prompting farmers to look for the alternative crop.

"We estimate at least 10-12 per cent decline in the cotton acreage this year," said Atul Ganatra, President, Cotton Association of India (CIA), the representative body of cotton traders in India.

Farmers are facing a spate of issues such as water shortage, unfavourable weather and the persistent menace of pink bollworm which could dent cotton sowing this kharif season by about 10 per cent as against the previous year. Farmers may shift from cotton to groundnut in Gujarat, paddy in Haryana and soybean in Maharashtra and the Telangana belt as cotton is still not remunerative compared to other options. Similarly, soybean, pulses and sugarcane area could surpass cotton in acreage as prices were firm and pest infestation in those crops are less.

"Cotton prices on the Multi Commodity Exchange of India (MCX) are trading at Rs 21,700 for bales of 170 kg each, up 3.23 per cent year-on-year, well ahead of the kharif season this year. Price outlook remain firm for this year and we can see prices jump 8-10 per cent, as support can be seen on the expectation of lower cotton acreage in India," said Ajay Kedia, Managing Director, Kedia Commodity.

Meanwhile, gains in cotton prices may be capped even as good quality seeds and an improved yield are not making much impact on crop output.

The decline in acreage may lower cotton output proportionately. India's cotton output was estimated at 37.7 million bales in the first advanced estimate by the Cotton Advisory Board (CAB) under the Ministry of Textiles. With monsoons forecast to be normal this year, Kharif output is expected to be bumper this season.

East Coast Ports May Benefit from Tariffs on Chinese Imports	**Nreionline** http://www.nreionline.com/industrial/east-coast-ports-may-benefit-tariffs-chinese-imports

India and Vietnam might become the winners in the current trade negotiations, shifting growth in imports to the East Coast ports.

U.S. seaports experienced a banner year in 2017 for imports and exports, according to a report from real estate services firm Colliers International, keeping industrial real estate around ports near full occupancy.

Industrial markets surrounding the nine major seaports covered by the report (Charleston, S.C., Houston, Long Beach, Calif., Los Angeles, New York/New Jersey, Puget Sound, Wash., Oakland, Calif., Savannah, Ga. and Virginia) continued to perform exceptionally well, finishing 2017 with a combined overall vacancy rate of 3.3 percent, significantly below the national average. During the period, 28 million sq. ft. of industrial space was absorbed and 24 million sq. ft. of new product was completed.

Ports nationally reported an increase in 20-foot equivalent unit (TEU) counts, a decline in labor disputes and minimal disruption from the major consolidations in the shipping industry.

And in 2018, trade through U.S. ports may exceed last year's levels, says Port of Long Beach Spokesperson Lee Peterson, noting that Southern California port statistics are on target to surpass last year's containerized tonnage.

But he notes that most tariffs have only recently gone into effect or haven't started yet, so it's difficult to say what the impact will be going forward. Noting that about 68 percent of cargo moving through Southern California ports involves trade with China, Peterson says that China has already reduced U.S. imports of scrap and recyclables.

"It's too soon to know how the tariffs will affect trade relations, but I don't see any major declines happening due to the strong U.S. economy," says James Breeze, national director of industrial research at Colliers International.

Imports of goods and services should increase this year thanks to a growing U.S. economy, despite the new tariffs, agrees Jerry Nickelsburg, director of the UCLA Anderson Forecast, a source of economic analysis for business, government and the academic community.

But economist Walter Kemmsies, managing director and chief strategist for U.S. ports, airports and global infrastructure group with real estate services firm JLL, cautions that the current boost in port activity may be the result of Chinese manufacturers "stepping on the accelerator to get products out of the country before tariffs go into effect."

If a trade war erupts, Breeze expects it would have a more negative impact on U.S. exports than imports. "American consumers will still buy foreign-made products, but we may see a slight decline in demand," he says.

A response by China might hurt U.S. farm exports through the ports the most, as China shifts to importing certain grains, like soybeans, from Argentina, Brazil and Australia, notes Nickelsburg. "With selective tariffs, you get trade diversion, but not necessarily a reduction in the trade deficit," he says, pointing out that if the U.S. will impose a tariff on Chinese textiles, for example, that doesn't mean there will be an increase in U.S. textile production.

Nickelsburg also notes that for the U.S. to cut its overall trade deficit with tariff policy alone would require a pullback from the global economy, but "history has taught us that this would have a negative impact on economic growth." Additionally, he points out that foreign governments have been financing the U.S. national debt for decades, so if the U.S. withdraws into protectionism, this source of financing would be gone and government borrowing would have to crowd out domestic investment and consumption.

It's likely the outcome of new tariffs on China will be a shift to U.S. imports from other nations, particularly India and Vietnam, according to Kemmsies. "Imports from other places will grow quickly, and there will be a shift in U.S. exports to countries where we have big deficits," he says, noting that foreign negotiators realize that the nation with the biggest economy cannot continue to shoulder the biggest trade deficit.

As a result, China would likely have to agree to fairer trade policies, despite opposition at home, because it could have dire consequences for the Chinese economy should another U.S. recession similar to the last one occur. Kemmsies suggests that current trade negotiations between the U.S. and China are about how much of the U.S. deficit will be reduced at China's expense.

If India and Vietnam become the winners in the current trade negotiations, he says that growth in imports will shift to the East Coast, giving East Coast ports and industrial real estate a growth advantage over the West Coast. Overall, however, industrial real estate will continue to experience full occupancy due to strong demand from other uses, especially e-commerce.

East Coast ports are already preparing for the shift with infrastructure improvements. Breeze notes, for example, that the Port of Charleston is investing in capital improvements to deepen the harbor from 45 to 52 feet to accommodate the larger ships coming through the newly expanded Panama Canal, making it one of the deepest harbors on the East Coast. The port is constructing a new container terminal that will increase capacity by 50 percent.

With more cargo flowing through the port and an increase in manufacturing throughout the region, industrial construction in the Charleston area topped 1.8 million sq. ft. in 2017 and an additional 3.0 million sq. ft. is slated for completion this year.

Expansion of the Panama Canal and $50 million in petrochemical infrastructure investment along the Gulf Coast boosted the Port of Houston's activity in 2017, with a 21.6 percent increase in inbound containers—the greatest increase of any port in the nation. The Port of New York/New Jersey has completed the raising of the Bayonne Bridge from 151 to 215 feet to compete with other East Coast ports for the larger ships coming through the Panama Canal.

The Port of Savannah is expanding its market reach into the Midwest by deepening the Savannah River and expanding its intermodal rail system. Meanwhile, the Port of Virginia is dredging its harbor five feet deeper, making it the deepest port on the East Coast, and has started work on the Norfolk International Terminals Optimization Project, which will modernize and expand the port's rail and motor transportation capabilities. Despite expansion of the Panama Canal and improvements at East Coast ports, the Port of Los Angeles remains in the top spot for cargo activity, with 4.7 million TEUs of inbound container cargo moving through it in 2017. It is expected to remain the most active U.S. port for the foreseeable future due to its deep natural harbors, proximity to Asia and large growing population, Colliers report states. As a result, $2.6 billion in capital improvements are planned over the next decade to upgrade and modernize terminals, rail and warehouse infrastructure.

Kenyan cotton farmers call on government to lift GMO ban to revive struggling industry	**Genetic Literacy** https://geneticliteracyproject.org/2018/06/01/kenyan-cotton-farmers-call-on-government-to-lift-gmo-ban-to-revive-struggling-industry/

However, if the government were to lift the ban on GMO crops, farmers would plant Bt cotton, a genetically modified cotton variety, and the engines and machine may yet hum again, and the ginneries may witness a beehive of activity as was the case in yesteryears, aided by better crop yields and harvests. Bt cotton is a variety of cotton that has been enhanced with genes from Bacillus thuringienesis or Bt, a beneficial bacteria found naturally in the soil, and that has been used commercially in biochemical insecticides for more than 30 years to fight caterpillar pests.

Bt is particularly effective against the African bollworm, the most destructive pest in cotton farms. Scientists have incorporated Bt into cotton, so that the crop can protect itself against the African bollworm, through the production of a protein that is harmful to the pest. This leads to higher yields for farmers. However, with the ban on GMO crops still in place, farmers can't grow Bt cotton, and they have on several occasions appealed to the government to lift the ban so that they can plant the genetically modified cotton that would revive the industry and improve their fortunes.

Togo: New cotton season launched with production target of 140,000 tons	**Togo First** https://www.togofirst.com/en/agriculture/0106-959-togo-new-cotton-season-launched-with-production-target-of-140-000-tons

Today, the new cotton season opened in Kara, in the northern region. For this 2018/19 season, the country eyes an output of 140,000 tons based on 180,000 ha of sown areas. This production is about 20% more than that recorded during the past season, knowingly 117,000 tons.

This season, price to producers will be lower, standing at 250 CFA, against 260 CFA last year, and 240 CFA the year before that (2016/17). To balance this decrease and encourage farmers, the State decided to reduce costs of various input, through a subsidy.

In 2017/18, cotton farmers gained more than 17.5 billion CFA from selling their yield, a figure that the government expects to be higher this season.

The government, let's indicate, aims to achieve an output of 200,000 tons by 2022 and the Nouvelle Société Cotonnière du Togo (NSCT) which is in charge of the sector is doing everything to meet this target.