Millions of Indian farmers keep faith in sugar cane, shrug off poor returns

REUTERS, *Ahmednagar, India*

It is a Catch-22 for Nandkumar Patil, one of the millions of sugar cane farmers in India.

Millers have not paid up for his cane this year as falling sugar prices have hit their income. But switching crops is not an option as prices for most agricultural produce have dropped and forecasts for weak monsoons have raised worries on yields.

With farmers like Patil staying put on cane fields, India is seen producing excess sugar in 2015/16. A sixth annual surplus, the longest such stretch ever, will allow the world's No.2 sugar producer after Brazil to remain a net exporter, denting global prices that hit six-year lows in March on ample supplies.

In the past, lower prices have prompted Indian cane growers to switch to other crops, but given uncertainties about the monsoons this year, farmers see more sense in staying with resilient cane than moving to delicate crops.

"In changing weather conditions, sugar cane is more reliable than others. You may get lower returns, but at least something is assured," said the farmer Patil from India's top sugar producing state, Maharashtra, who is still owed nearly 50,000 rupees by a mill for cane sold this year.

"In other crops you may not get anything if weather becomes erratic," said Patil, whose onion crop on two acres was damaged this year by unseasonal rainfall in February.

Vivek Shinde, another cane farmer, agreed.

"Cane prices can't fall below a certain level, but that is not the case with vegetables. They can rise to 100 rupees per kg or fall to 5 rupees," said Shinde, from Ahmednagar district, 250 km east of Mumbai.

Shinde should ideally get 2,500 rupees per tonne for cane as per the price fixed by the central government, but millers have been paying him 40 percent less.

Cane farmers in India are, however, taking heart from recent government measures, such as a subsidy for raw sugar exports and higher import duties, aimed at helping the country's beleaguered mills as well as its farmers.

Due to plunging domestic sugar prices, down 16 percent over the past seven months, mills' financial health has been eroded to the extent that they now owe more than $3 billion to cane growers for purchases made since Oct. 1, 2014.

"The government measures are providing farmers hope that their income will improve going ahead," said Pallavi Munankar, commodity analyst at Geofin Comtrade.

Also, given the low cost of taking a second harvest from the stubs of cane roots, known as ratoon, means farmers will stay with it, Munankar added. Indian farmers usually take one ratoon crop as after that yields begin to drop.

India's sugar output in 2015/16 could reach 25.7-26 million tonnes, versus its demand for around 25 million tonnes, said Rahil Shaikh, managing director of commodities trader ED&F Man Commodities India. That would account for 15 percent of total global sugar output, almost unchanged from this year.

With its recent surplus, India is set to start the sugar marketing year in October with carry forward stocks of 9.5 million tonnes, the Indian Sugar Mills Association said.

REUTERS

A labourer ties a bundle of sugarcane on a rickshaw to transport it at a wholesale sugarcane market in Kolkata, India.

China to start building 3rd generation nuclear reactor

AFP, *Beijing*

Construction of China's first "third generation" nuclear reactor will start on Thursday, a state-run company said, as Beijing attempts to export its atomic energy designs globally.

Unit five of the Fuqing nuclear power plant in Fujian province will incorporate an ACP1000 reactor developed by the China National Nuclear Corporation (CNNC), the firm said Wednesday.

The ACP1000 is one of a "third generation" of reactors designed to extract more energy from a given amount of uranium fuel than previous technologies, and in a safer way.

Other third-generation reactors are under construction elsewhere, with competing designs by French group Areva, Westinghouse of the US, and South Korea's Kepco, among others.

CNNC touts its reactor as "a production of independent innovation", although industry reports say it is related to a French design imported to China in the 1990s.

"This project is also very important for our nuclear going-global strategy," CNCC's general manager Qian Zhimin told reporters.

Mainland China has 26 nuclear power reactors in operation, 23 being built, and more about to start construction, according to the World Nuclear Association.

"China's policy is to 'go global' with exporting nuclear technology including heavy components in the supply chain," it adds on its website.

CNNC said an ACP1000 has been exported to Pakistan, and a deal was signedin February for a sale to Argentina.

Qian said CNNC was in negotiations to sell ACP1000 technology to more than 20 countries, but did not provide details.

Beijing suspended approvals of new plants following a series of meltdowns at Japan's Fukushima nuclear power plant in March 2011 after a tsunami struck.

IPDC

Sulaiman Ajanee, chairman of the Industrial Promotion and Development Company, and Mominul Islam, managing director, attend the company's 33rd annual general meeting at Trust Milanayatan in Dhaka yesterday. The company announced 5 percent cash and 10 percent stock dividends for 2014.

BB

Atiur Rahman, governor of Bangladesh Bank, speaks on sustainable financial system at the United Nations Environment Programme's advisory council meeting in Zurich, Switzerland on Tuesday. Bruno Oberle, state secretary for environment of Switzerland; Maria Kiwanuka, senior presidential adviser on finance of Uganda; and Achim Steiner, executive director of the UNEP, were also present.

MIDLAND BANK

Md Ridwanul Hoque, head of retail distribution at Midland Bank, and Ekramul Hoque, general manager of Hotel Sarina, exchange documents of an agreement at a programme on the hotel's premises in Dhaka recently. The bank's cardholders will enjoy discounts on rooms and dining at the hotel.

Ukraine faces highest inflation since 1996

REUTERS, *Kiev*

Prices in Ukraine will rise this year at the fastest rate since 1996 due to a sharp slump in the national hryvnia currency and a rise in utilities prices under an IMF bailout programme, a Reuters monthly survey showed.

Analysts of 14 Ukrainian banks and brokerages see inflation accelerating to 36 percent in 2015 from 24.9 percent last year.

In 1996 consumer prices rose 39.7 percent and gross domestic product contracted 10 percent as Ukraine endured almost a decade of economic crisis after the Soviet Union collapsed and the country became independent. Ukraine's economy shrank 6.8 percent last year amid political upheaval and a burgeoning conflict with Russia.

Spiralling prices and the central bank's tough monetary policy will limit the lending Ukraine's economy needs to regain its footing in 2015.

EU launches anti-trust probe into e-commerce

AFP, *Brussels*

Brussels formally opened an anti-trust inquiry into Europe's online shopping marketplace on Wednesday amid concerns about how websites such as Amazon and Google use their influence.

The competition probe is the aggressive centrepiece of a new digital market strategy unveiled by the European Commission vice president Andrus Ansip aimed at dragging the 28-state bloc into the 21st century.

It will focus on areas such as electronics, clothing, shoes and digital content for which so-called e-commerce is most used for, said the Commission, the powerful executive branch of the European Union.

Ansip said the strategy would "prepare Europe to reap the benefits of a digital future" and "give people and companies the online freedoms to profit fully from Europe's huge internal market".

The inquiry, originally trailed by EU Competition Commissioner Margarethe Vestager in March, is expected to deliver a preliminary report by mid-2016 and a final report by the end of March 2017.

Internet giants Amazon, Apple and Google have been hit by previous EU investigations targeting individual companies, which have exposed deep divisions between Washington and Brussels on trade regulation.

Unlike those, Wednesday's probe deals with the entire e-commerce sector in Europe and whether "competition may be distorted within the internal market".

It will not be able to impose fines except where firms or industry groups provide incorrect or misleading information asked for by the EU.

But it could lead to later cases against specific firms, the Commission said. Former Danish minister Vestager has taken on a series of anti-trust initiatives since starting the job in November.

She cited the fact that she could not watch her favourite Danish channels on her tablet in Brussels and gave the example of a French tourist who can buy Italian shoes in Rome but has to go through a French website to buy them from home. More broadly, the EU's digital strategy unveiled Wednesday aims to break down cross-border barriers such as "geoblocking".

Geoblocking prevents online consumers seeking cheaper prices abroad for services such as car hire or travel, or stops them using streaming services such as Netflix and BBC iPlayer when they travel.

The EU recognised that some websites employ geoblocking for the legitimate reasons of protecting copyright and ensuring that access to information is restricted only to those who have paid for it.

AFP

European Commissioner for the Digital Single Market Andrus Ansip (L) and Commissioner for Digital Economy and Society Gunther Oettinger hold a press conference on the Digital Single Market at the European Commission in Brussels yesterday.

As Iran oil fair opens, foreign companies weigh return

AFP, *Tehran*

Iran is expected to outline big oil and gas projects at a major industry event Wednesday ahead of a possible nuclear deal that could allow global energy giants to return.

The plans, which have been trailed in the Iranian media, will likely dominate Iran's 20th Oil, Gas, Refining and Petrochemical Fair, a four-day event in Tehran.

Oil Minister Bijan Zanganeh, who has signalled Iran's willingness to see international oil giants come back, is to give the keynote address.

The prospects for doing business are intricately linked to whether Iran and six world powers can conclude a nuclear deal by a June 30 deadline that could lift wide-ranging economic sanctions.

Iran has the world's fourth largest proven oil reserves and the second biggest gas deposits, both of which have long been seen as under-tapped and ripe for exploration and a production hike.

But major energy firms left or were stifled from doing business after the United States and the EU imposed sanctions on the industry in 2012, as punishment for Tehran's disputed nuclear programme.

Iranian officials have said that while the country's focus is to boost domestic production there is potential for foreign investment and cooperation, especially given modern Western industry technology.

The oil ministry has prepared new contracts that could come into effect after a nuclear deal which have better terms for foreign companies than those offered before the sanctions era.

"International oil majors have welcomed the new format of Iran's contracts," ministry spokesman Mehdi Hosseini told the official IRNA news agency, citing European, Russian and Chinese firms.

"They are awaiting the results of Iran's nuclear talks and the removal of sanctions," he added.

But with crude prices hovering around a lowly $60 a barrel as the market experiences a supply glut, the chances of an economic windfall for Iran or international companies is difficult to gauge.

While oil and gas was long the cornerstone of Iran's finances, the global fall in crude prices has led President Hassan Rouhani's government to seek a more varied economy.

And in the budget for this year Iran halved its reliance on oil income to 25 percent. Foreign companies are also weighing the cost of doing business in Iran against the potential returns.

According to the oil ministry, 29 foreign countries including Britain, China, France, Germany, Russia, Singapore and the United Arab Emirates -- will have delegates at the Tehran exhibition.

Some 1,200 Iranian companies and 600 international businesses have registered, but no representatives from the US or Saudi Arabia will attend, according to the oil ministry.

Qatar to house 250,000 labourers in new 'cities'

AFP, *Doha*

Qatar is to build seven "cities" to house more than a quarter of a million migrant labourers building major infrastructure and projects for the 2022 World Cup, officials said Tuesday.

Ministers said all seven should be built by the end of 2016 and that the largest, "Labour City" for 70,000 people and complete with its own 24,000-seat cricket stadium, will begin housing workers in the next few weeks.

The move to construct more modern facilities comes amid continued criticism of the accommodation provided by Qatar for the vast number of migrant workers and with Doha admitting that sub-standard and illegal living conditions are still being used.

In total, 258,000 workers -- some 25 percent of Qatar's migrant labourer population -- will be housed, officials said.

Dr Abdullah bin Saleh al-Khulaifi, labour and social affairs minister, told AFP the new accommodation centres were the "future".

"That's the blueprint," he said of Labour City.

"There are in the pipeline (several) cities around the nation. I know our people want to have better accommodation for their labourers."

Khulaifi added that Qatar has effectively doubled its number of housing inspectors to 300, and that should increase to 400 soon.

"We have labour accommodation standards and we are monitoring them and penalising those who are violating (the rules)," he said.

"Our business community knows we are taking it very seriously."

The cities, a mixture of government and private sector accommodation, will be built across Qatar, from the fringes of the capital Doha to one in the north.

Most will house around 28,000 workers. Khulaifi said there was no final figure for how much the projects will cost.

However, Labour City, with 55 buildings including a mall, clinic and the second largest mosque in Qatar, cost 3 billion Qatari riyals ($825 million, 740 million euros) to build.

Most workers who will end up living there will be transferred from other accommodation centres in Qatar, but officials have said the number of migrant workers in the country will more than double to 2.5 million two years before the World Cup.