

India to export raw sugar for first time in three years

REUTERS, Mumbai

Indian sugar mills have signed deals to export raw sugar for the first time in three years as a rally in New York prices to seven-month highs along with government subsidies made exports lucrative, five dealers and two industry officials told Reuters.

Mills in the world's second biggest sugar producer were reluctant to sign new export contracts until recently as global prices were trading far below local prices.

But a rally in international raw sugar prices along with a rupee hitting a record low has made exports viable. Mills have contracted to export 150,000 tonnes raw sugar at around \$280 per tonne on a free-on-board (FOB) basis for shipment in November-December, the dealers said.

More Indian exports could weigh on global prices and trim the market share of rivals Brazil and Thailand, the world's top two sugar suppliers.

Indian mills traditionally produce white sugar for local consumption, but this year they are planning to export raw sugar as the country faces a surplus harvest for the second straight year.

"In the last few days suddenly

things are moving in favour of Indian mills," said B. B. Thombare, president of the Western India Sugar Mills Association.

"New York raw prices are rising, rupee is depreciating and government has also approved incentives for exports."

India last month approved incentives such as a transport subsidy for export and a direct cane payment to farmers to encourage cash-strapped mills to export surplus sugar in the 2018/19 season.

Many mills were waiting for the government notification after last month's cabinet decision, said a Mumbai-based dealer with a global trading firm. "As notification was published on Friday mills have started signing export deals," he said.

In March, India asked mills to export 2 million tonnes of sugar and fixed a mandatory export quota for each mill.

But mills managed to export only around 450,000 tonnes in the 2017/18 marketing year that ended on Sept. 30 due to uncompetitive prices, said Abinash Verma, director general of the Indian Sugar Mills Association (ISMA).

Mills will try to achieve the export

target of 5 million tonnes in the current year, Verma said.

Apart from raw sugar, mills have contracted to export 100,000 tonnes of white sugar at around \$305 per tonne, FOB, for shipment in October-December, three dealers said.

"Whites are going to Middle East and African countries," said a New Delhi-based dealer with a global trading firm.

India could start the new season with inventories of over 10 million tonnes of sugar and could produce another 35 million tonnes in the new season started on Oct. 1, the ISMA estimates.

Indians, known for their sweet tooth, consume about 25 million tonnes of sugar a year.

Indian mills will produce raw sugar at the start of the season for exports as they have ample carry forward of white sugar from last year's crushing to cater local demand, said another Mumbai-based dealer.

The south Asian country could export 4 million tonnes sugar in 2018/19, including around 2.5 million tonnes of raw sugar, dealers said.

In 2007/08 India exported a record 2.7 million tonnes of raw sugar and 2.26 million tonnes of white sugar.



ANM Mahfuz, head of consumer banking of Prime Bank, and Jerry Jian, country manager for South Asia Development of UnionPay International (UPI), attend a deal signing ceremony at the bank's head office in Dhaka on Monday. The bank received UPI's "General Principal Membership".

PM stresses proper use of maritime resources

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She said the South Asian geographic region has been in focus in recent times because of global economic growth, trade and market expansion which in turn creates a huge opportunity to expand logistics and maritime-related services.

"With the increasing economic growth of the country, international trade is increasing day by day through the waterways."

The prime minister said the government has adopted the Blue Economy policy to utilise this huge resource in the country's socioeconomic development. "I think by utilising the resources, we could be able to expedite our socioeconomic development further."

She also mentioned that the government, in cooperation with the government of the Netherlands, has prepared and endorsed the Bangladesh Delta Plan 2100.

The country faces major inter-related delta challenges in water safety, food security and socioeconomic development and is prone to natural calamities such as flood, cyclone and drought, she said.

"One of the main components of Delta Plan is to accelerate the GDP growth through proper utilisation of water resources."

Shipping Minister Shajahan Khan presided over the programme where Indian State Minister for Road Transport and Highways, Shipping, Chemical and Fertilisers

Mansukh Laxmanbhai Mandaviya and Sri Lankan State Minister for National Policies and Economic Affairs Harsha De Silva also spoke.

The South Asia Maritime and Logistics Forum 2018 is being held for the second time. The first conference was held in Mumbai, India.

The conference is a joint initiative of the shipping ministry, India's Gateway Media Private Ltd and Sri Lanka's Colombo Maritime Conference Events to increase regional cooperation for developing infrastructure in the shipping sector and maritime logistics.

Around 120 government and private representatives from 20 countries, including India, Sri Lanka, Myanmar, Nepal and

Bhutan, are participating in the two-day conference.

The participants are discussing obstacles to development of ports in South Asia and how regional trade among the countries can be improved by using the ports, ways for development of the shipping sector in Bangladesh and prospects for investment in the sector.

In five business sessions, there will be discussion on port infrastructure in South Asia, cargo transportation system, dredging, shipbuilding and intra-regional trade.

Besides, businessmen from Bangladesh and other countries are scheduled to hold one-on-one meetings on trade prospects on the sidelines of the conference.

EU set to clear start of talks to boost US beef imports

REUTERS, Brussels

European Union countries are on the verge of agreeing to start negotiations with the United States to allow more US beef into Europe, in what could be a major move to defuse transatlantic trade tensions.

The European Commission sought approval from its 28 member states at the start of September to open negotiations with Washington. Trade experts have already given their backing, ambassadors will provide clearance on Wednesday and the approval process is set to be completed next week, EU diplomats say.

The beef issue is officially separate from a pact reached by US President Donald Trump and European Commission chief Jean-Claude Juncker in July to try and ease trade tensions. Trump has pledged to reduce the United States' \$151 billion goods trade deficit with the European Union.

However, a deal to increase US meat imports would affect the trade balance, as well as placating the Trump base of US farm-

ers and rural communities which have been hit by the tit-for-tat trade war with China.

EU diplomats say the European Commission, which negotiates on behalf of the 28 EU countries, would look to raise the US share of hormone-free beef imports into Europe, but would need to convince other countries considered to be "substantial" suppliers to accept less.

A negotiated agreement on beef would settle a dispute that dates back to 1981 when the European Union banned the use of growth hormones in meat across the bloc, including imports.

The EU and the United States eventually concluded an agreement in 2009 to grant a quota for hormone-free beef imports, which currently stands at 45,000 tonnes. However, under World Trade Organization rules, the quota also had to be made available to non-US suppliers. The US share of that quota has slipped from nearly 100 percent at the start to less than 30 percent in the year to the end of June, according to the US Meat Export Federation (USMEF).

China slashes US LPG imports amid trade war

REUTERS, Singapore

China has choked back on imports of liquefied petroleum gas (LPG) from the United States, traders and analysts said, turning to the Middle East for extra supplies amid the two countries' trade dispute.

China bought nearly 3.6 million tonnes of US LPG in 2017, making the United States the country's second-largest supplier of the fuel used in petrochemicals, as well as for cooking, transport and heating.

However, US imports have come off dramatically over the course of 2018, before stalling completely in late August when China imposed an additional 25 percent tariff on over 300 US goods, including LPG, in retaliation for US tariffs.

Consultancy IHS Markit estimates US imports fell to barely 1 million tonnes during the first eight months of 2018, down from about 2.1 million tonnes for the same period last year, said He Yanyu, Executive Director for Natural Gas Liquids.

The fall came as Chinese buyers wound back US purchases of LPG amid uncertainty about the

impact of buying product from the United States, said a trader who tracks the fuel.

No US LPG cargoes have landed in China since tariffs were imposed in late August, said Ong Han Wee at consultancy FGE.

"China has stopped shipping in US LPG cargoes as they are now too expensive," added a second trader who tracks LPG cargoes.

The United States last year accounted for about 20 percent of China's total LPG imports, which are currently running at about \$1 billion a month, based on Thomson Reuters calculation.

The US gap is being filled largely by Qatar, the United Arab Emirates (UAE), Saudi Arabia and Kuwait, analysts said. The change comes as prices for the fuel, often a mix of propane and butane, spike in line with higher oil prices.

State-owned Saudi Aramco, whose contract prices are used as benchmarks in Asia, fixed its propane and butane contract prices for October at \$655 a tonne, the highest since 2014.

US prices are also rising. The propane price at the Texan Mont Belvieu hub hit its highest since 2014 on Sept. 28 at around 108 cents per gallon before easing to around 104 cents on Oct. 9.

This works out to about \$542 a tonne, based on Reuters calculations, but is above the Saudi Aramco price after taking into account freight and terminal charges and the additional 25 percent tariff.

China's LPG imports rose about 15 percent to nearly 18.3 million tonnes in 2017, driven partly by new petrochemicals plants which use the propane dehydrogenation method to produce the raw material for plastics.

IHS's He said LPG prices were likely to stay firm in November and December due to higher oil prices and winter demand.



A ship and containers are seen at the port of Los Angeles in Los Angeles, California.



Md Arfan Ali, president of Bank Asia, opens the bank's "BSMMU Collection Booth" at Unique Heights on Kazi Nazrul Islam Avenue in Dhaka yesterday.

Inequality alarming

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Instead of broadening their tax bases by enforcing taxation on companies and individuals, countries tend to rely upon value-added tax and other indirect taxes.

Gender-sensitive taxation is not sufficiently addressed, resulting in women and girls being unfairly taxed and in need of better-funded essential public services.

An interesting policy undertaken by Bangladesh is the establishment of a lower threshold for exemption on income taxation for women, taking into account the wage gap and the high rate of informal labour in the country, the report said.

There is often great variation in minimum wages.

Some of the lowest-scoring countries, such as Swaziland and Egypt, are well known for their weak labour laws and violations of workers' rights, while others such as Bangladesh are known for poor labour practices.

In Bangladesh, for example, garment workers are entitled to Tk 5,300 (\$68) a month, the lowest minimum wage of all garment workers globally and well below the international poverty line.

However, workers in other sectors in Bangladesh are entitled to only Tk 1,500 (\$19) a month.

Denmark's track record on progressive taxation, social spending and worker protections earned it the top spot.

Nigeria came at the bottom due to low social spending, poor tax collection and rising labour rights violations.

Singapore, one of the world's richest countries, came in at 149, which is in the bottom 10, partly because of practices that facilitate tax dodging, Oxfam said.

The report recommends that all countries develop national inequality action plans to achieve the Sustainable Development Goal 10 on reducing inequality.

The plans should include delivery of universal, public and free health and education and universal social protection floors.

"They should be funded by increasing progressive taxation and clamping down on exemptions and tax dodging. Countries must also respect union rights and make women's rights at work comprehensive, and they should raise minimum wages to living wages."

Headquartered in London, the Development Finance International is a non-profit capacity-building, advocacy, advisory and research group.

Oxford-based Oxfam is an international confederation of 20 organisations networked together in more than 90 countries.

Rupee hits record low of 74.28 per dollar

REUTERS, Mumbai

The Indian rupee dropped to a record low on Tuesday afternoon with weakness in domestic shares and some Asian peers weighing on sentiment.

Traders said there was also some importer demand seen in afternoon trade, but intermittent dollar selling by the central bank is likely to prevent a steep fall in the unit.

Sentiment has also been weaker after the central bank held rates steady in a surprise move on Friday and pushed the rupee to its previous record low of 74.23.

The partially convertible rupee was trading at 74.24/25 per dollar at 0751 GMT, after hitting 74.28 earlier and weaker than its previous close of 74.0750.

Inflation drops to 18-month low

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Cost push factors may also have played a role as exchange rate has continued to depreciate and transport costs appear to have increased, Hussain said.

Meanwhile, Kamal assured that inflation will not be affected by the increase in fuel

price rise in the international market. "The contribution of fuel to the inflation basket is very low." People in developed countries, the use of cars is much more, so their oil consumption is higher. Subsequently, when the fuel price soars, the impact is felt on the economy, Kamal added.