

NEWS FLASH – 26th May, 2016

SUGAR

India seen holding off for now on reducing raw sugar import tax

Indian authorities are expected to hold off before cutting or cancelling a 40 percent raw sugar import duty as a last resort to tackle surging domestic prices as the country shifts from net exporter to importer.

Soaring domestic sugar prices in the world's second-biggest producer, where drought has cut yields in the main growing regions such as Maharashtra, mean that mills will increasingly spurn the export market.

Production in the current year ending Sept. 30 is likely to drop following two drought years in a row.

The federal government has asked state governments to impose stock limits on sugar to avoid hoarding by traders.

Traders spoke of market talk that India could move to either reduce or cancel the raw sugar import duty.

However, no imminent action was expected.

"I don't think the government will scrap the import duty any time soon," said Rohit Pawar, chief executive of Baramati Agro, which operates sugar mills in Maharashtra.

Yes, sugar prices have risen in the past few months but now they are running just above production cost. In the past few years mills have incurred huge losses as they were forced to sell sugar below production cost.

In such a situation duty-free imports can depress local prices and cane payment arrears will start rising."

A government official, who declined to be identified, said, "Right now there is no proposal (to scrap the import duty) on the table."

A Mumbai-based dealer with a global trading firm said the government had to maintain a delicate balance between the interests of farmers and consumers.

Aggressive steps to dampen prices, such as a cut in the raw sugar import duty, could damage the central government's image among farmers.

Duty-free import is the last weapon the government has to control price rises," the dealer said.

"It will do it in phased manner. From 40 percent, it will first reduce the duty to 20 percent. If prices rally even after the reduction, only then it will allow duty-free imports."

European traders said they also doubted that Indian authorities would move soon to cut or cancel the duty, as stocks in India were sufficiently high to make such a move unnecessary for now.

(Source- <http://economictimes.indiatimes.com/markets/commodities/news/india-seen-holding-off-for-now-on-reducing-raw-sugar-import-tax/articleshow/52443909.cms>, published on 26th May, 2016)

Venezuela's sugar scarcity makes Coca-Cola stop production

Coca-Cola Co. is halting production of sugar-sweetened beverages in Venezuela as the company's namesake soda pop becomes the latest victim of a lack of raw materials in the cash-strapped country.

The iconic drink is the latest to join a group of basic products becoming scarce in a country beset by currency controls, goods shortages and the world's highest inflation rate. Kraft Heinz Co. and Clorox Co. have also had to interrupt operations in Venezuela, where it's now common for citizens to wait in long lines for household items such as deodorant, toilet paper and medicine.

"Sugar suppliers in Venezuela have informed us that they will temporarily cease operations," Kerry Tressler, a Coca-Cola spokeswoman, said in an e-mail. The company is talking with suppliers, government authorities and others to work on a solution.

Venezuela is experiencing the worst recession in decades as the falling price of oil, which accounts for about 95 percent of foreign currency earnings, pushes international reserves to a 13-year low of \$12 billion. The economy contracted 5.7 percent in 2015 and is expected to shrink an additional 8 percent this year, according to the International Monetary Fund. The inflation rate is projected to climb to almost 500 percent.

Military Exercise

Rising political and economic tensions are gripping Venezuela, with the country holding the biggest military exercise in its history this weekend as the opposition pushes for a recall

referendum on President Nicolas Maduro. The opposition has pledged further demonstrations nationwide to pressure Venezuela's electoral board to process a petition to activate the referendum. Maduro's critics accuse the government of stalling to avoid early elections.

Price controls, rising costs and a lack of foreign exchange have resulted in a drop of sugar-cane production in the country, according to a 2015 report from the U.S. Agriculture Department.

State Monopoly

"The state monopolizes decisions to grant fixed dollars to import sugar raw material, since it is a regulated product," said Luis Marin, president of the Industrial Chamber of Lara state, where four sugar-processing plants are located. "Venezuela has always imported, but there has been a major increase in the last couple of years."

Coca-Cola said the production of beverages without sugar, including bottled water and Coca-Cola Light, isn't affected. Coca-Cola Femsas SAB, the distributor of the company's products in Venezuela, declined to comment.

Last month, Empresas Polar SA, Venezuela's biggest brewer, said it would be forced to stop making beer because it can't get the foreign currency it needs to purchase malted barley.

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=5597>, published on 25th May, 2016)

India seen swinging from sugar exporter to importer on El Nino

Barely a year after ordering sugar mills to compulsorily export from a mountain of stockpiles, India is struggling to cope with spiraling prices and a potential shortage.

After the strongest El Nino in two decades shriveled crops, India's production is set to decline for a second year to the smallest in seven years. That's alarmed the federal government, with Food Minister Ram Vilas Paswan last week saying the import duty may be lowered and exports scrapped to prevent any further jump in prices.

India's likely transition from an exporter to importer comes amid a rally in global prices to a 20-month high, driven by prospects of the first world deficit in sugar in five years. Shrinking

production and inventories mean the world's largest sugar consumer may have to buy anywhere between 2 million metric tons to 6 million tons in 2016-17, according to RCMA Commodities Asia Pte.

"We should have imports in the interest of consumers and to prevent a possible increase in prices in case of any unavoidable situation such as a delay in production in the 2017-18 season," Mukesh Kuvadia, secretary general of the Bombay Sugar Merchants Association, said by phone on Monday. India may import 1.5 million tons to 2 million tons of sugar in 2016-17 to control prices even if there was no shortage, he said.

Dwindling Inventories

Production in India will probably drop to 23.5 million tons in the year beginning Oct. 1, according to a Bloomberg survey last month. That would be the lowest since the 18.9 million tons in 2009-10, Indian Sugar Mills Association data show. With domestic demand set to top 26 million tons, the inventory of about 7 million tons will be substantially depleted, opening the door for imports.

India should have enough stockpiles to meet the nation's requirement for at least three months, said Kuvadia, who's been trading sugar for three decades. The government will consider lowering the import duty on sugar and ban exports if prices climbed further, Paswan said on Twitter on Saturday.

Stockpile Limits

Prime Minister Narendra Modi's government has already sprung into action to rein in prices and ensure the market is well supplied. The Food Ministry last week withdrew a production subsidy that was paid directly to the farmers who supplied cane to mills that export sugar and produce ethanol. It also imposed limits on the amount of sugar traders can stockpile to prevent hoarding.

India, the world's largest producer after Brazil, is seen shipping 2.9 million tons in 2015-16, making it the fourth-biggest exporter in 2015-16, according to data from the U.S. Department of Agriculture.

Raw sugar futures, which touched a 20-month high of 17.29 cents a pound on Friday on ICE Futures U.S. in New York, were at 16.79 cents on Tuesday, while refined sugar futures in

Mumbai traded 0.4 percent higher at 3,523 rupees (\$52) per 100 kilograms. Prices have climbed 36 percent since Oct. 1, when the cane crushing season began.

"If domestic prices rise further and if the government cuts the duty, then imports will happen," Yatin Wadhvana, managing director of Sucden India Pvt., said by phone on Monday. "There is no parity in imports at present. As of now there is no shortage as such in the country."

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=5595>, published on 25th May, 2016)

Co-gen/Power

INTERSOLAR AND EES INDIA AWARDED TRADE FAIR CERTIFICATION FROM U.S. COMMERCIAL SERVICE

The U.S. Department of Commercial Service recently granted Trade Fair Certification status to Intersolar India, India's largest exhibition and conference for the solar industry, and its special exhibition ees India, the main platform for storage technologies reshaping India's energy sector and enhancing grid reliability. The certification recognizes the capability and experience of the local organizer MMI India Pvt. Ltd. and its international contacts Solar Promotion International GmbH, Pforzheim and Freiburg Management and Marketing International GmbH (FMMI) in organizing a valuable, world-class event that connects U.S. companies with business opportunities in the Indian solar market. Intersolar India and ees India will be held at the Bombay Exhibition Centre (BEC) from October 19 to 21, 2016.

Information on booking exhibition space and visitor registration for both events is available online.

The country is on pace to increase its installed capacity by 127 percent — the biggest market increase in the world — according to GTM Research. The Indian government plans to install around 40 gigawatts (GW) of commercial and industrial roof-mounted installations by 2022, which is further driving the market.

"There's an incredible market opportunity in India for U.S. solar companies, as the country is just starting to realize its solar potential," said Dr. Florian Wessendorf, Managing Director of Solar Promotion International GmbH. "We're pleased the U.S. Commercial Service has recognized Intersolar India as a valuable venue for U.S. companies looking to break into the Indian solar market — this certification speaks to our commitment to creating global solar events that foster the business connections and information exchange that drives the industry forward." added Daniel Stowitzki, CEO, Freiburg Management and Marketing International GmbH (FMMI).

Now in its 8th year, Intersolar India continues to grow in popularity. Last year's event attracted approximately 11,000 international visitors and 680 conference delegates. Leading experts from solar research organizations and the industry discussed the latest developments

in the Indian solar market in 49 conference and exhibition sessions. Intersolar India was recently recognized with a Gold Award in the 2016 Exhibition Excellence Awards by the leading Indian tradeshow magazine Indian Showcase.

The event's exhibition and conference both focus on the areas of photovoltaics, PV production technologies, energy storage systems and solar thermal technologies. Since being founded, Intersolar has become the most important industry platform for manufacturers, suppliers, distributors, service providers and partners of the solar industry.

The Trade Fair Certification Program is a cooperative arrangement between private sector trade show organizers and the U. S. Government. The program seeks to broaden the base of U.S. exporters, particularly new-to-export and new-to-market companies, by introducing them to key trade fairs where they can meet their export objectives.

The U.S. Commercial Service helps U.S. businesses, particularly small and mid-sized companies, export by helping them establish international business relationships. The agency's global network includes domestic locations in more than 100 U.S. cities and American embassies and consulates in nearly 80 countries. For more information on the U.S. Commercial Service, visit www.export.gov.

(Source- <http://indianpowersector.com/2016/05/intersolar-and-ees-india-awarded-trade-fair-certification-from-u-s-commercial-service/>, published on 25th May, 2016)

Thought of the day

'The best preparation for tomorrow is doing your best today.'- H. Jackson Brown, Jr.