

Global sugar-palm lobbies coming to India to protect their trade

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With India trying to push export of agricultural commodities to boost farm incomes, several countries that compete with India for their share of global trade have started exploring different avenues to protect their turf.

A high-powered industry delegation from major sugar producing countries is expected to come to India in the next few weeks to press their views on how India's sugar export policies will adversely impact the global trade.

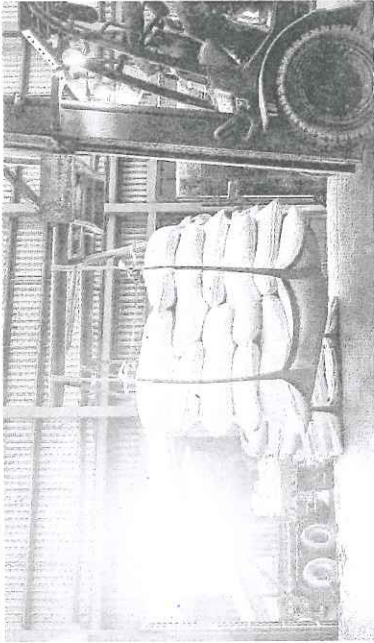
Sources said Malaysia is also trying to convince India to not go ahead with its proposed plan to curb imports from that country. The sugar delegation, meanwhile, will have representatives from the sugar industry in Brazil, Thailand, Australia and Guatemala. They will explain how Indian government's policies on sugar are a major concern. In fact, Australia, Brazil, and Guatemala have initiated a complaint in this regard at the World Trade Organization (WTO).

Brazil, Thailand, Australia, and Guatemala account for 28 per cent of global production, according to a 2018 estimate of the International Sugar Organization. Brazil competes with India for the tag of the world's biggest producer.

Global sugar prices in the 2019-20 season that officially began in this country on October 1 are expected to remain depressed, despite a five million tonne (mt) deficit between demand and supply, due to massive stock overhang from most producing countries, including India. This comes after almost two years of depressed prices, due to supplies overstripping demand.

Between November 2018 and October 2019, global raw sugar prices on the benchmark New York ICE futures slipped from 13.99 cents per pound to 11.84, before recovering slightly to 12.32 cents, after a drop in 2019-20 production in India and Brazil.

In August, the government had announced an export subsidy of ₹10.44 a kilo for millers, for enabling export of six mt in this sugar season. The cost to the



Indian exchequer was estimated at ₹6,270 crore, to generate ₹18,000 crore of cash for the mills, helping the latter to clear cane payment dues to growers.

The scheme, said government officials, complied with all WTO regulations. In the 2018-19 season, too, the government had announced a export

subsidy of ₹10.5-11.55 a kg, for export of 5 mt (though not more than 3.7 mt could be shipped, due to a depressed market). India has started the 2019-20 sugar season with a massive inventory of a little over 14 mt, due to bumper production over recent years. Officials say unless methods are taken to dispose of the surplus (the

price at which cane can be sold is set by state governments, not the market), millers would find it difficult to clear cane payment dues to farmers. As of September, these stood at over ₹9,000 crore, a majority of which was in the politically sensitive state of Uttar Pradesh.

The country had produced 32.5 mt and 33.1 mt in the 2017-18 and 2018-19 seasons, respectively, much higher than the domestic consumption of 25 mt. "I can't understand on what ground sugar industry representatives from competing countries are complaining about. If they think, Indian sugar export sops are not WTO-compliant, they should ask their governments to raise objections," said a senior official from the Indian industry.

Officials say Malaysia is also trying to

WHAT'S AT STAKE

■ Brazil, Australia, Thailand, and Guatemala together contributed over 29 per cent of the global sugar production in 2018-19

■ Malaysian palm oil industry is convincing India not to go ahead with curbs

■ India imports a third of its annual palm oil requirement from Malaysia

convince India not to go ahead with its proposed curb on palm oil import from that country. The domestic industry body, the Solvent Extractors Association (SEA), had earlier this month advised its members to avoid import from Malaysia, due to the latter government's 'unprovoked' criticism of the abrogation of Article 370 on Jammu & Kashmir.

"Our government has not taken kindly to the unprovoked pronouncements by the Malaysian prime minister and is contemplating some retaliatory action. It would be in the fitness of things, as a responsible Indian vegetable oil industry, that we avoid purchasing of palm oil from Malaysia, till such time clarity on the way forward emerges from the Indian government," SEA had said.

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