

● AFTER A DECADE

India to start exporting sugar to China from early next year

PRESS TRUST OF INDIA
New Delhi, November 8

AFTER A DECADE, India will resume exporting raw sugar to China next year as it eyes overseas markets to shed surplus stocks that have muted prices and created financial distress in mills.

India plans to export 2 million tonne of sugar to China to cut trade deficit with the neighbouring country, a government statement said.

"Export of raw sugar from India to China will begin early next year. A contract for exporting 15,000 tonne of raw sugar has been entered into by the Indian Sugar Mills Association (ISMA) and COFCO, a government of China-run public sector company," the commerce ministry said in the statement.

India plans to export 2 million tonne of raw sugar to China beginning next year, it added.



"Raw sugar is the second product after non-basmati rice that China will import from India. It is a move to reduce the \$60-billion trade deficit that China has with India," the statement said.

India's export to China in 2017-18 amounted to \$33 billion, while imports from China stood at \$76.2 billion.

India produced a record 32.5 million tonne of sugar in the 2017-18 marketing year and the output is estimated to be around same level or slightly lower in the current marketing year. The annual domestic demand is around 26 million tonne. The country also has an opening stock of 10 million tonne at the start of the current marketing year that started last month.

The government is negotiating with many countries, including China and Indonesia, to boost exports.

China's sugar production is around 10.5 million tonne, against its annual demand of 15 million tonne. The neighbouring country imports sugar to meet its domestic demand as well as to build buffer stocks. It issues quota, twice a year, to traders to import sugar from the world market.

"Indian sugar is also of a high quality and is Dextran free because of the minimum

time taken from cut to crush. India is in a position to become a regular and dependable exporter of high quality sugar in significant volumes to China," the ministry said.

To bail out the cash-starved sugar industry, the government had in June announced financial package of ₹8,500 crore to the sector, mainly to boost ethanol capacity.

Later, in September, it approved a Rs 5,500-crore package that included production assistance to cane growers and transport subsidy to mills for export up to 5 million tonnes in 2018-19 marketing year.

Under its comprehensive policy to deal with excess sugar production in the country, the government approved increase in production assistance paid to growers to ₹13.88 per quintal for the 2018-19 marketing year from ₹5.50 per quintal this year in order to offset the cost of sugarcane to sugar mills.

