

India's sugar exports hit four-year high in 2011-12

Banikinkar Pattanayak
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INDIA's sugar exports have touched a four-year high of 3.15 million tonne until August 28 in the marketing year through September, after the government freed the shipment following good production to enable mills to benefit from higher global prices, official and industry sources said on Thursday.

This apart, as much as 200,000 tonne of sugar are lying in ports for exports, a senior industry executive said. India, the world's largest sugar consumer and second-biggest producer, has never exported so much of the sweetener a year except for 2007-08 when 4.95 million tonne were shipped due to a subsidy on overseas despatches to ease stocks, he added.

The government had permitted 1.5 million tonne under the open general licences last year in three equal tranches, starting



April 2011, after a gap of two years when the country faced a shortage. A drought in 2009 had forced India to import about two million tonnes, which sent New York raw sugar futures soaring to their highest levels in nearly 30 years.

This year, the government had initially allowed shipments of two million

tonne of sugar before freeing the shipment in May due to adequate stocks to help mills clear payments to farmers for previous cane purchases. The country's sugar output is estimated to have climbed 7% to 26 million tonne due to higher cane crushing, compared with the consumption of around 21.5 million tonne.

"(However) sugar exports have slowed down in the past one month as domestic prices have shot up due to monsoon fears, while global prices fell, making the shipment unattractive," said a senior government official. Wholesale sugar prices have gone up by 15% since July to around ₹36 a kilogram while raw sugar

for the October delivery dropped 0.33 cents, or 1.7%, to close at 19.01 cents per pound on Wednesday, the lowest level since June 4.

US raw sugar futures crashed 27% in 2011, the first annual fall in four years, on higher output in Asia and Europe. Prices have tumbled by around 20% so far this year, although exports had still remained fairly remunerative until August, partly due to a weak rupee.

Despite the exports, the country will likely end the current year with around one million to 1.5 million tonnes of more stocks from a year earlier, according to an industry estimate.

The data by the Indian Sugar Mills Association showed stocks by the end of 2010-11 were to the tune of 5.5 million tonnes. Industry bodies expect sugar production to touch 25 million tonnes in 2012-13, compared with the domestic consumption of around 22 million tonne.