



INTERNATIONAL TRADE OF SUGAR

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ABSTRACT :

The study focuses on the International Trade of Sugar of India. International trade of sugar is very important in terms of India as a country since it helps to maintain stability in the prices of domestic sugar despite the changes in the production level. A lot of potential exists for the expansion of sugar trade but only possible if there is a market-driven relationship in price of sugar and sugarcane. India being the second largest producer of sugar and the top ten exporters of sugar have the advantage to export sugar to The Middle East Countries and East Africa. The study also suggests the changes in policies the government has done to expand the export of sugar and the alternatives for the same to resolve the problems faced by the Indian farmers as well as the sugar Industries in India. The data for this analysis paper is the secondary data which has been collected from the newspaper, varied websites, online portals.



KEYWORDS : Production, Policies, International Trade of Sugar, Price.

INTRODUCTION

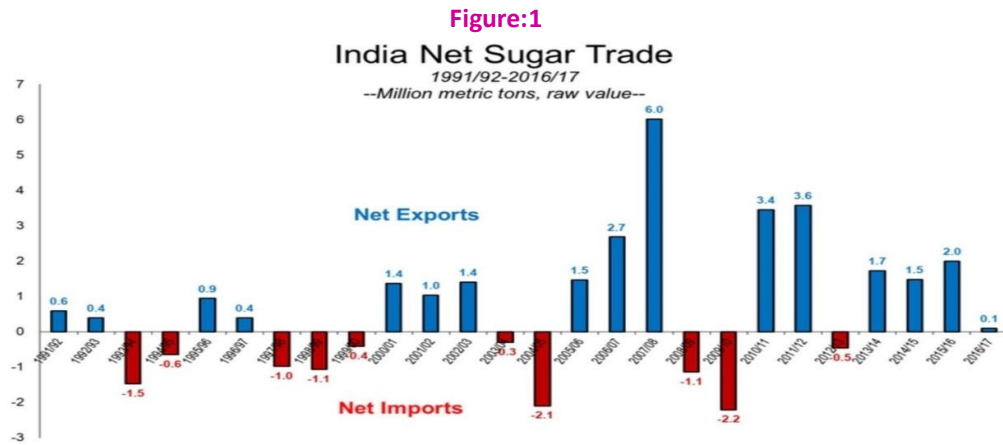
India is an agricultural intensive country with more than 60% of the population in the rural sector and being dependent on agriculture, there is a natural feeling in the various governing bodies administering the rural areas, that as much as the development is done in the agricultural sector of rural people through the new and upcoming technologies, the more the country will prosper and develop. The performance of the agricultural sector can be enhanced by providing funds to the farmers, loans with 0% interest, initiating schemes, enhancing agricultural technologies, enhancing harvesting technology, providing agricultural education etc.

In the present time, sugar cane and sugar continue to be one of the important commodities of the agricultural sector. Not only India but all over the world Sugar is an essential commodity for trade and consumed in every part of the world. Sugar is one of the most important commodities; produced and consumed around the world.

Sugar is produced in more than 123 countries but over 60% of world sugar production is used by the domestic country and the remaining quantity is exported to the other countries. The cost involved in producing sugar from sugar cane is very less but the prices charged by the industrialist or the government is very high which has led to a classification in the type of sugar.

India is the second largest producer of sugar in the world having a share of over 16 percent of the world's sugar production after Brazil's 22 percent of the world population.

Sugar is heavily exported from Brazil and followed by the other dominating countries such as Thailand, Mexico India etc. India is the second largest exporter of sugar after Brazil.



SOURCE: USDA/FAS, May 2016. 2015/16 = forecast, 2016/17 = Projection

IMPACT OF GOVERNMENT POLICY ON TRADE OF SUGAR EXPORT

In the past time whenever India had surplus sugar, the export of the same affected the global market prices which resulted in the decline of the prices, therefore, the export of sugar declined. On the contrary, whenever India had to import sugar, the prices in the world shoot up and India has to pay a high amount for the import of the same.

As per the Government act of 1958, the government boosted up the exports. The exports were looked after the two agencies;

- State trading corporation of India (STC)
- Indian Sugar General Import Export Corporation (ISGIEC)

The agencies were asked to procure sugar from the industries or otherwise as per the policy of government industries can export themselves. The profit or losses incurred will be shared equally among the mills. But in the current scenario is totally changed as India has surplus sugar all the time and when the world needs it, prices charged are higher as compared to the domestic prices.

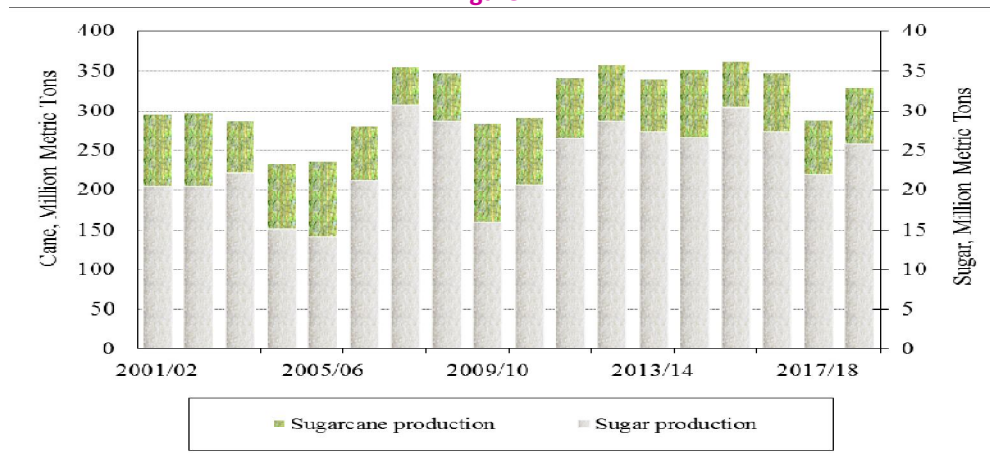
IMPORTS

In the last three decades the import was mainly channelized through the Government agencies:

- State trading corporation of India
- Food Corporation of India

The government of India will have a check on the same and will authorize for the import of sugar. This scenario changed after (1993-94) when the government agencies anticipated a heavy shortfall of 2 million tonnes, which led to free imports by issuing an open general license to private entities. The current scenario is that the free import of sugar is allowed.

Figure 2:



SOURCE: Industry and trade source

PROBLEMS FACED BY INDIAN INDUSTRIES IN EXPORTS OF SUGAR

1. As per the news, the Indian sugar industry faces a set of problems in the export of sugar mainly due to drought. According to the data of 2018-2019, the sugar production is comparably very less as compared to the previous years due to irregular rainfall in Maharashtra.
2. The machines present with the industrialist are obsolete in some or the other way.
3. The crushing season available with the industries is also very short due to unavailability of sugarcane which is caused due to drought.
4. The yield of sugarcane is low due to drought which therefore affects the production of sugar.
5. According to the current reports, the Australian government said that it is taking legal action against India over the subsidies in front of WTO as it will lead to a significant downfall in sugar prices and will deeply affect the Australian producers.

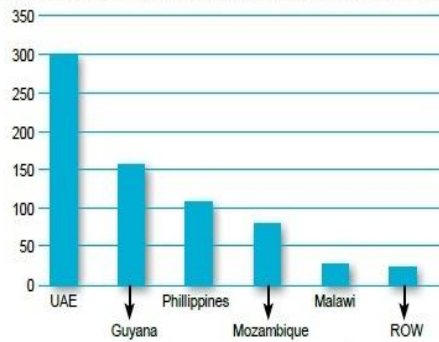
STEPS TAKEN BY GOVERNMENT TO STRENGTHEN EXPORT OF SUGAR FROM INDIA

1. The government of India has signed a contract to export 8 lakh tonnes of sugar to countries like the Middle East and Sri Lanka.
2. Reports also highlight that China has agreed to import certain tonnes of sugar from India and a contract is under process with the Indonesia Government.
3. The Government of India is also providing a transport subsidy of ₹ 1000 per tonne to the mills located within 100 km from ports, ₹ 2,500 per tonne for a mill located beyond 100 km from the port in coastal states and ₹ 3,000 tonnes per tonne for a mill located in other than coastal states.

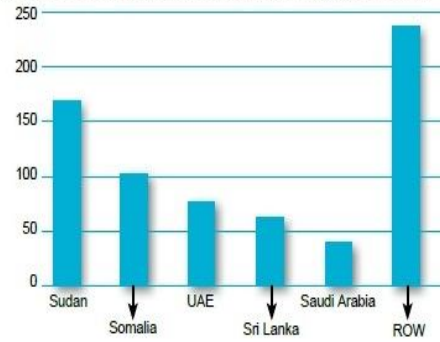
Figure 2:

India's exports of raw sugar

UAE & Guyana are biggest importers of raw sugar from India

**Exports of refined sugar**

Africa and UAE import maximum refined sugar from India



SOURCE: Industry and trade sources

ANALYSIS**Import of sugar from rest of the world**

S.No.	Country	Values in Rs. Lacs			Quantity in thousands		
		2017-2018	2018-2019(Apr-Dec)	%Growth	2017-2018	2018-2019(Apr-Dec)	%Growth
1	BELGIUM	0.11	209.25		0.01	74.48	
2	BRAZIL		7.31			26	
3	CANADA	56.25	16.56		68.28	18.4	
4	DENMARK	211.1	253.7		429	531.25	
5	FRANCE	142.19	51.26		68.48	44.58	
6	GERMANY	838.16	1,890.56		222.77	427.94	
7	ITALY	368.72	410.5		99.7	119.25	
8	JAPAN	64.9	57.63		4.64	14.47	
9	NETHERLAND	14.08	15.36		21	24	
10	NEW ZEALAND	79.22			160		
11	PAKISTAN IR	2,548.48	339.63		11,290.00	1,478.00	
12	SINGAPORE	0.09	0.02		0.01	0	
13	SOUTH AFRICA	0.22			0.38		
14	SPAIN		0.02			0	
15	SWITZERLAND	4.59	5.58		0.3	0.24	
16	U ARAB EMTS	354.54	65.1		1,201.81	250.95	
17	U K	104.45	34.03		167.82	52.4	
18	U S A	593.61	326.92		123.42	46.72	
	Total	5,380.69	3,683.44				
	India's Total	30,01,03,343.35	27,20,00,013.07				
	%Share	0.0018	0.0014				

Export of sugar from rest of the world

S.No.	Country	Values in Rs. Lacs			Quantity in thousands		
		2017-2018	2018-2019(Apr-Dec)	%Growth	2017-2018	2018-2019(Apr-Dec)	%Growth
1	AFGHANISTAN TIS	279.58	2,165.63		785	9,288.00	
2	ALBANIA		57.43			260	
3	ALGERIA	0.38			0.05		
4	ANGOLA	1,459.10	366.07		3,888.00	1,596.21	

5	AUSTRALIA	45.05	41.03		61.72	92.35	
6	AUSTRIA	0.16	0.95		0.27	0.33	
7	BAHARAIN IS	3,206.82	2,620.50		11,244.17	10,515.71	
8	BANGLADESH PR	22,540.54	91.12		88,677.49	304.13	
9	BELIZE	2.5	0.01		4.28	0.01	
10	BELGIUM	2,711.90	2,668.71		4,597.40	5,188.60	
11	BENIN		910.8			4,072.00	
12	BHUTAN	1,033.70	1,277.49		2,580.73	3,322.57	
13	BOSNIA-HRZGOVIN	0.01			0		
14	BOTSWANA	0.03	0.28		0.05	0.26	
15	BRUNEI	0.03			0.04		
16	CAMEROON	1.71	130		0.9	572.07	
17	CANADA	373.3	448.93		763.84	1,328.76	
18	CAPE VERDE IS		113.75			546	
19	CAYMAN IS		0.01			0.04	
20	TAIWAN	5,424.44	701.32		20,745.00	3,020.00	
21	CHINA P RP	6,373.02	6,445.03		20,559.17	25,796.02	
22	COMOROS	96.74	194.79		260	544	
23	CONGO P REP	0.02	0.01		0.04	0.03	
24	CROATIA	13.14	38.33		23	69	
25	CYPRUS	0.18			0.02		
26	CZECH REPUBLIC	1,158.11	1,532.04		1,842.00	2,676.00	
27	DENMARK	114.2	113.42		264	230.11	
28	DJIBOUTI	17,830.54	57,722.77		63,230.00	2,41,759.02	
29	DOMINIC REP		11.26			23	
30	DOMINICA	0.01			0.03		
31	ECUADOR	0.01			0		
32	EGYPT A RP	5.53	0.03		20	0.06	
33	ETHIOPIA	0.26	520.65		0.5	2,170.77	
34	ERITREA	27.72	71.33		30	60	
35	FIJI IS	2.56			3.05		
36	FRANCE	14.02	149.47		26.25	361.12	
37	FR POLYNESIA		6.4			25	
38	GABON		0.27			1	
39	GAMBIA	0.06	0.03		0.1	0.08	
40	GEORGIA		121.46			540	
41	GERMANY	1,227.93	1,057.53		1,559.87	1,871.04	
42	GHANA	274.97	309.5		1,098.00	1,337.00	
43	GUADELOUPE		12.72			6.12	
44	GUINEA	5.72	206.87		11.8	1,070.63	
45	GUINEA BISSAU		57.98			260	
46	HONG KONG	38.83	30.68		62.73	64.79	
47	HUNGARY	0.76			0.2		
48	INDONESIA	0.09	35.18		0.15	144.64	
49	IRAN	1,995.75	865.36		6,447.10	3,905.30	
50	IRAQ	0.06	0.45		0	2.2	
51	ISRAEL	82.73	518.16		115	2,276.10	
52	ITALY	1,219.47	1,906.56		1,811.52	4,013.77	
53	COTE D'IVOIRE	0.35	2,847.76		0.56	11,800.01	
54	JAPAN	0.33	0.05		0.57	0.1	
55	JORDAN	5,052.65	25,536.40		20,024.10	1,00,020.00	

56	KAZAKHSTAN	0.19	0.09		0.02	0.14	
57	KENYA	13,954.53	9,774.91		43,292.57	38,283.28	
58	KOREA RP	88.06	138.99		198	277.02	
59	KUWAIT	6,738.73	3,134.95		23,168.59	12,479.16	
60	LATVIA	0.02	0.03		0	0.04	
61	LEBANON		0.1			0.02	
62	LIBERIA	0.25			0.32		
63	LIBYA		68.69			270	
64	MADAGASCAR	2,966.19	1,187.96		9,238.12	4,787.05	
65	MALAWI		0.09			0.13	
66	MALAYSIA	29.68	1,054.77		48.71	4,017.15	
67	MALDIVES	1.96	0.03		1	0.04	
68	MALI		0				
69	MAURITIUS	2,249.34	415.53		7,962.74	1,678.20	
70	MYANMAR	43,203.01	84,788.07		1,50,946.11	3,65,123.22	
71	MOROCCO	0.01	0.13		0	0.13	
72	MOZAMBIQUE	11.55	88.15		15.54	306.4	
73	NAMIBIA	272.74	3.91		744	8	
74	NEPAL	15,355.96	4,957.98		40,757.12	19,580.28	
75	NETHERLAND	1,968.13	1,727.28		2,790.60	3,492.13	
76	NETHERLANDANTIL	0.01			0.01		
77	NEW ZEALAND	114.57	113.27		195.83	207.06	
78	NIGERIA	0.14	0.71		0.34	1.23	
79	NORWAY		13.51			25	
80	OMAN	2,741.23	1,482.22		9,337.48	6,277.33	
81	PAKISTAN IR	3,516.67	2,044.84		11,664.00	9,094.41	
82	PANAMA REPUBLIC	0.07	0.13		0.17	0.32	
83	PAPUA N GNA	0.01	0.14		0.02	0.35	
84	PERU	0	0.03		0	0	
85	PHILIPPINES	0.08	11.43		0.14	20.45	
86	POLAND	0.02			0.03		
87	TIMOR LESTE		190.07			780	
88	QATAR	14,365.85	8,202.96		50,689.13	29,615.54	
89	REUNION	9.6			20		
90	RUSSIA	0.02	32.55		0.03	130.05	
91	RWANDA		0.05			0.04	
92	SAUDI ARAB	20,062.89	10,028.32		65,122.10	40,429.64	
93	SERBIA		0.06			0.01	
94	SENEGAL	0.46	50.89		0.25	260.1	
95	SEYCHELLES	73.83	65.56		286.1	263.24	
96	MONTENEGRO		172.28			780	
97	SIERRA LEONE		3.09			7.93	
98	SINGAPORE	140.22	77.9		544.72	286.43	
99	SOMALIA	59,630.14	49,514.98		2,04,160.00	1,87,079.59	
100	SOUTH AFRICA	252.4	891.82		841.96	3,986.57	
101	SPAIN	495.71	363.1		863.23	812.3	
102	SRI LANKA DSR	14,104.69	58,250.61		43,506.23	2,61,238.09	
103	SUDAN	1,28,249.02	1,16,864.99		4,67,509.00	4,52,509.16	
104	SURINAME		0.23			0.28	
105	SWEDEN	0.33			0.57		
106	SWITZERLAND	0.09			0.2		

107	SYRIA		488.75			1,400.00	
108	TANZANIA REP	7,217.60	5,637.67		26,169.05	22,180.50	
109	THAILAND	0.35	0.53		0.23	0.48	
110	TOGO		8,358.67			34,500.28	
111	TRINIDAD		0.08			0.2	
112	TUNISIA	0.01	0.03		0.01	0.04	
113	TURKEY	0.01	1,223.10		0	5,363.00	
114	TURKMENISTAN		616.46			2,600.00	
115	UGANDA	921.08	88.08		2,594.32	390.03	
116	U ARAB EMTS	57,985.08	25,696.94		1,98,120.67	1,08,417.01	
117	U K	29.55	23.45		42.57	23.64	
118	UKRAINE	0.77	0.01		0.25	0.02	
119	U S A	397.26	4,301.09		538.92	11,519.28	
120	UZBEKISTAN		0.18			0.01	
121	VIETNAM SOC REP	0.02	5.53			12.02	
122	SAMOA	1.49	2.15		1.72	2.29	
123	YEMEN REPUBLC	3,496.48	5,238.41		12,710.00	21,627.00	
124	CONGO D. REP.	0.06	0.13		0.13	0.25	
125	ZAMBIA	0.17	0.06		0.2	0.11	
126	ZIMBABWE	0.22	0.3		0.22	0.44	
	Total	4,73,263.56	5,19,305.49				
	India's Total	19,56,51,452.80	17,01,45,407.07				
	%Share	0.2419	0.3052				



From the following analysis which I have done I have witnessed that import done from rest of the world as compared to the export is continuously decreasing which is giving India a positive advantage and even the foreign exchange reserves is also increasing. It is also because of the government initiative which they are taking for the betterment of the country. From the following tables it can be seeing that the import is only done from 18 countries as compared to the export from 126 countries, this all just possible because of the government initiatives. According to some reports, it is said that by the year 2023, India will be the largest exporter of the world and the imports will also become very less.

CONCLUSION

The International sugar market remains one of the most volatile markets as compared to other product markets. The international sugar market has undergone a lot of structural changes over the period. Changes in the trade policies have led to a deep impact on the volume of sugar trade internationally as well as domestic. India is mainly exporting sugar to the sugar deficit countries like the Middle East and Eastern Africa. The export to these countries gives India the advantage in freight but the only disadvantage faced is that the amount of foreign exchange generated is very low as compared to the revenue from Europe and North America. India has been a key exporter of sugar regardless of the Government intervention which leads to curb in the prices of sugar which leads to domestic price rise. But for a change high domestic sugar prices the international sugar prices should change to bring the changes.

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