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Sugar exports to Afghanistan hit, but rising prices and demand lift industry's spirit

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The Taliban takeover of Afghanistan has halted white sugar exports from India with the possibility of exports in the coming season being remote. But sugar industry in India is elated with rising prices in the world market and rising demand for raw sugar by refineries.

Every year, India exports about 10 lakh tonnes of white sugar to Afghanistan, but the exports will be halted in the coming season. "Last (sugar) season, India exported about seven lakh tonnes of sugar to Afghanistan. But now the export possibility is impossible. In this case, sugar mills will have to look for markets in other countries and we have already issued suggestions to mills in this regard," said Prakash

Naiknavare, Managing Director, National Federation of Cooperative Sugar Factories. Sugar industry sources said traders and millers are cautious about export to Afghanistan especially after the Indian embassy's operations are halted.

Brazil drought

Sugar exporter Abhijit Ghorpade told *BusinessLine* that drought in Brazil will have a major impact on sugar production. "The overall sugar production in Brazil is likely to go down by 50-60 lakh tonnes while production in India is likely to remain the same. The demand for raw sugar by refineries across the world will increase. Refineries from Dubai, Saudi Arabia and in India are already putting up demand for raw sugar.



Traders are wary about exports to Afghanistan

Ghorpade said that export to Sri Lanka has also been affected due to the foreign exchange crisis that the island country is facing. "About 40,000-50,000 tonnes of sugar is exported to Sri Lanka every month. But dollar crisis is deepening there," he said, adding that sugar mills must now focus on raw sugar supply.

According to ICRA, sugar

export prospects appear encouraging for next sugar season in light of the recent surge in international raw sugar prices to around \$430/tonne (19-20 cents/lb) in August 2021, being the highest levels in past four years.

Even as sugar prices have been trending higher since the beginning of 2021 anticipating a lower global surplus position for the commodity, the recent sugar production data for Brazil pointing to further contraction in the country's volumes for the season aided in further uptick in international raw sugar prices, ICRA noted.

Sources in the industry said that the industry predicts that the international market price of sugar will cross ₹38,000 per tonne in the next few days.