

Business

Malaysia to buy more sugar from India to help resolve palm oil spat: Source



A labourer carries a sack filled with sugar to load it onto a supply truck at a wholesale market in Kolkata, India, Nov 14, 2018. (Photo: REUTERS/Rupak De Chowdhuri)

KUALA LUMPUR: Malaysia's top sugar refiner said it will increase purchases of the commodity from India, which according to two sources is part of efforts to placate New Delhi amid an [ongoing spat](#) over palm oil imports.

MSM Malaysia Holdings Berhad will buy 130,000 tonnes of raw sugar from India worth 200 million ringgit (US\$49.20 million) in the first quarter, the company told Reuters. It bought around 88,000 tonnes of raw sugar from India in 2019.

MSM is the sugar refining arm of the world's largest palm oil producer, FGV Holdings, which is an unit of Malaysian state-owned Federal Land Development Authority or Felda.

The company did not cite the palm oil dispute as a reason for the increase in purchases.

But the two sources, who are familiar with discussions between the company and the government on the purchase, said it was a bid to appease India, which has been urging Malaysia to reduce the trade deficit between the countries.

India, the world's largest edible oil buyer, this month effectively halted Malaysian palm oil imports apparently in retaliation to Malaysian Prime Minister Mahathir Mohamad's comments criticising New Delhi over its policy on Kashmir.

Malaysia has said it will look to other markets to sell more palm oil but that may not be easy as India has been the biggest buyer of Malaysian palm oil for the past five years, purchasing 4.4 million tonnes in 2019.

Malaysia's exports to India were worth US\$10.8 billion in the fiscal year that ended on March 31, while imports totalled US\$6.4 billion.

Malaysia imported a total of 1.95 million tonnes of raw sugar in 2019, according to data from the International Sugar Organization on Refinitiv Eikon. It typically buys more from Brazil and Thailand than from India.

India is the world's biggest sugar producer but is struggling with a surplus. Its exports are expected to rise to a record 5 million tonnes for the 2019/20 season.

MSM said it was expecting the arrival of three shipments of raw sugar from India between January and February.

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The advertisement is a rectangular graphic with a red background. At the top, the text 'More Power' is written in a large, white, stylized font, with 'Power' having a lightning bolt effect. Below this, it says 'to your card with Shop-tastic Deals' in a smaller white font. A red button with white text says 'Learn more'. In the bottom right corner, there is an image of a smartphone displaying the 'DBS Lifestyle' app interface, surrounded by various shopping items like a pink hat, a blue bag, and a blue dress. The DBS logo is visible in the bottom right corner of the ad.

"This is very good move. It will help India in increasing sugar exports," Praful Vithalani, president of the All India Sugar Trade Association told Reuters about MSM's move to buy more from India.

Around 50,000 tonnes of raw sugar has already been contracted by Malaysia for January shipments, said a Mumbai-based dealer with a global trading firm.

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