

Exclusive: Malaysia to buy more Indian sugar to resolve palm oil spat - sources

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KUALA LUMPUR (Reuters) - 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.



FILE PHOTO - A labourer carries a sack filled with sugar to load it onto a supply truck at a wholesale market in Kolkata, India, November 14, 2018. REUTERS/Rupak De Chowdhuri

MSM Malaysia Holdings Berhad ([MSMH.KL](#)) will buy 130,000 tonnes of raw sugar from India worth 200 million ringgit (\$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 ([FGVH.KL](#)), 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 \$10.8 billion in the fiscal year that ended on March 31, while imports totalled \$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.

AGENCY: Reuters

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