



Wheat

Argentine wheat undercuts Russia, Ukraine supplies

Argentine wheat flexed its muscle as tough price competitor on international markets by extending to more than \$3 a tonne its discount to the cheapest supplies that the Black Sea could offer.

Egypt, the world's biggest wheat importer, stuck with Black Sea wheat supplies at its latest tender, the third in a week, buying 180,000 tonnes of Russian and Ukrainian grain.

However, other countries answered a signal by Egypt's state grain buyer, the General Authority for Supply Commodities (Gasc), for price-competitive supplies from outside the former Soviet Union which, as export bans, quotas and tariffs in recent months have highlighted, attracts concerns over the stability of its supplies.

And Argentine wheat proved - at the \$244.67 a tonne offer by commodities house Glencore - cheaper than any other offers, losing out to Russia and Ukraine because of shipping costs higher by some \$28 a tonne.

'Available and cheap'

"You don't get the feeling that Argentine wheat is ever going to win in Egypt in the current market, with that huge handicap in shipping costs," a UK grain trader told Agrimoney.com.

"But it is advertising that it is available and cheap. That may be wise, to get buyers signed up in good time, when Australia is at the start of harvest, and expecting a big one."

Wheat from Australia, Argentina's southern hemisphere rival in wheat exports, was also offered, but at \$262 a tonne, making it more than \$17 a tonne more expensive.

However, Argentine wheat too comes with a supply risk, of delays by strikes, the latest a truck workers' protest settled on Monday.

'More than currency moves'

French wheat followed Argentine supplies in improving its competitiveness, bid as low as \$259.90 a tonne by Granit, \$9 a tonne below the cheapest offer from this origin made at the last tender, announced on Saturday.



That left French wheat with a further \$13 a tonne to cut before undercutting Russian supplies.

"There is no getting away from the fact that despite a weakening Euro, down 4-5 cents versus the US dollar this last week, European wheat will need a lot more than currency moves to seriously position itself on a competitive footing against Russian and Ukrainian sales," Jaime Nolan Miralles at INTL FCStone said.

A weaker euro makes eurozone exports cheaper to buyers in other currencies.

On the Paris futures market, November milling wheat stood 0.4% higher at E187.75 a tonne higher in late deals, encouraged by further weakness in the euro against the dollar.

Ag groups underline Ukraine's two main farm risks

Kernel Holding and Ukrzernoprom Agro highlighted two key risks facing Ukraine agriculture groups – unpredictability in politics and weather – as they joined the ranks of world farm companies reporting setbacks.

Ukrzernoprom Agro, the farm operator controlled by Frankfurt-listed MCB Agricole, said that autumn sowings had, at 50,000 hectares, fallen 4,000 hectares below target, hurt by the lack of rainfall which has raised fears for Ukraine's winter grains.

"The planted area was reduced due to difficult weather conditions in Khmelnytsky, Dnepropetrovsk, Poltava and Odessa regions, where there had not been any rainfall for more than 60 days," the group said.

Separately, Kernel Holding, whose operations span sunflower oil production to silo services, unveiled a "highly disappointing" 48% slump to \$31.0m in operating profits for the July-to-September quarter, blaming Ukraine's decision to impose grain export duties.

The stand-off by farmers awaiting the ditching of the tariffs, which were lifted last month, cut by 15.5% to 391,000 tonnes volumes handled by its export terminals, besides meaning a position taken by its grains division failed to work out, Andrey Verevskiy, the Kernel chairman, said.

'Safe place to invest?'

The statements are the latest in a number from farm companies to reveal hiccups, typically linked to fallout from fears for the world economy, as in the case of potash



group K+S last week, although Australia's Elders earlier on Monday blamed forestry writedowns for a slip further into the red.

Ukraine farm operators have faced additional pressures from uncertainty over measures such as the export duties, which followed quotas after a drought-hit 2010 harvest, and VAT rebates, issues which have taken some of the shine off a bumper harvest.

Cary Sifferath, USGC regional director at the US Grains Council – whose job is to promote US crop exports - noted on Thursday that "it wasn't that long ago that the multinational grain companies were wondering if Ukraine was a safe place to invest in facilities, since the government can restrict exports, as it did in 2010".

Meanwhile, on Friday, US Department of Agriculture staff in Kiev warned that Ukraine's exports would "continue at a slower speed than in the previous seasons" for the rest of 2011 despite the lifting of the export ban, warning that farmers were still "reluctant to sell due to uncertainty on trade and tax policy".

However, Kernel stood by its forecast of 3.0m tonnes for exports for the full 2011-12 year, with an average margin of 7-8%, despite the slow start, saying "grain operations have returned to their normal course of business".

Hedge fails

Kernel's profits slide also reflected a forward rapeseed sale, which backfired after the quality of the crop "did not meet the contractual terms, and forced us to cancel delivery", with a \$5m contract loss.

Kernel shares, which are listed in Warsaw, tumbled 5.2% to 62.45 zloty.

However. MCB Agricole stock fared better, soaring 11.8% to E2.27, after Ukrzernoprom Agro said that the area that missed out on sowings "will be replenished with spring crops, namely with corn and soybeans", taking plantings early in 2012 to 37,500 hectares.

"Currently, we are accepting competitive bids for the purchase of seeds," Ukrzernoprom Agro operating director Fyodor Vlad said.

Many Ukraine agriculture groups are expected to see spring sowings rise above early plans, thanks to autumn seedings either postponed or lost to bad weather.

"Crop condition is a source of concern," Agritel's Kiev office said on Monday.



"The lack of water prevents wheat tillering. In many farms located in the south of Ukraine, almost all winter crops will need to be replanted next spring."

Record Kazakhstan crop leads world wheat production

World wheat production is projected up 2.1 million tons this month to a near-record 683.3 million, just 1 million tons lower than the all-time high in the 2009/10 marketing year. While world harvested area is left almost unchanged, the already record-high world average wheat yield inched up 0.01 tons per hectare due to increased yields in Kazakhstan and EU-27.

Harvest reports for the EU-27 and Kazakhstan indicate increased production, more than offsetting reduced production prospects for Argentina and several African countries.

Kazakhstan's wheat production for 2011/12 is forecast up 2.0 million tons this month to a record 21.0 million, with the wheat yield exceeding the previous record of 1992/93 by 15 percent.

Kazakhstan is the world's largest landlocked country, with a territory bigger than Western Europe, and borders Russia, China, Kyrgyzstan, Uzbekistan, and Turkmenistan. Wheat, predominantly spring varieties, constitutes about 85 percent of the country's grain production. The harvest is nearly complete in Kazakhstan, and progress reports indicate a remarkably big wheat crop. Phenomenal weather conditions—high precipitation and moderate temperatures—throughout the growing period generated a huge amount of lower than usual quality wheat, while lack of snow through the beginning of November allowed farmers to complete the harvest.

The wheat production forecast for 2011/12 for the world's largest producer, the EU-27, is increased 1.2 million tons this month to 137.5 million. While area estimates remained nearly unchanged this month, better-than-expected yields were reported, boosting EU-27 wheat production. The wheat harvest is complete in most EU-27 countries, and the countries are revising their estimated production. The largest increases are for France and the United Kingdom (UK), up 0.7 and 0.6 million tons, respectively, while increases of 0.3 million tons and smaller occurred in the Czech Republic, Spain, Sweden, Finland, Slovakia, Greece, Ireland, Germany, and Portugal. Those increases more than offset modest reductions in Denmark, Belgium, Latvia, Lithuania, Estonia, and Netherlands. Despite generally unfavorable growing conditions across most of the EU-27 during this season, it appears that the wheat crop managed the adverse weather conditions well.



Small upward adjustments in wheat production are made for Mexico, Serbia, Zambia, and Lesotho.

The wheat production forecast for Argentina is reduced 0.5 million tons this month to 13.0 million tons. Wheat area is projected down 0.1 million hectares to 4.6 million, as dryness during planting, especially in southern and western wheat areas, affected farmers' decisions. Wheat yield prospects are slightly reduced mainly reflecting conditions in Cordoba and southwestern Buenos Aires where, despite good spring rains, winter dryness affected the wheat crop during early development. Rains in the southeastern part of Buenos Aires were favorable throughout the season, mitigating the decline in production prospects.

In Algeria and Ethiopia, wheat production is trimmed by 0.3 million tons to 2.8 and 2.7 million, respectively. The harvest in Algeria has long been completed, and the change reflects the official government estimate. In Ethiopia, harvesting is underway, and with the rainy season delivering less precipitation than last year, yields are expected to return to normal. The same adjustment in percentage points is made for Kenya, where weather conditions are very similar to Ethiopia. Small downward adjustments are made for South Korea and Sudan.

The increase in global supplies caused by higher production prospects this month is augmented by a 0.5-million-ton increase in 2011/12 world wheat beginning stocks. Although Argentina's 2010/11 exports were up, its production increased by even more, such that the country's 2011/12 beginning stocks are up 0.2 million tons this month. In both Mexico and Ethiopia, beginning stocks are also up this month 0.2 million tons, due to the previous year's revisions to wheat use. Stocks are also slightly increased for EU-27 and South Korea, but decreased for Australia, Brazil, and Uzbekistan.

Russia 2011 grain harvest at 96 mln tons

As of November 1, Russia has harvested 96 million tons of grain, which is 53% more than in 2010, the Russian Federal State Statistics Service says.

Russia is one of the world's leading grain producers.

Last year the harvest was affected by an unprecedented drought, and Russia had to impose embargo on grain exports, which was removed almost a year later.

Wheat price 'may have reached floor' after falls



Wheat prices may have reached a floor for now after dropping in Europe and South America sufficient to leave Black Sea exporters, renowned for their competitiveness, reliant on differences in shipping costs to win business.

Egypt, the top wheat importer, bought a further 240,000 tonnes of Black Sea wheat at the weekend, mostly from Russia, although 60,000 tonnes were of optional origin from within the region.

The order took confirmed orders by Egypt's General Authority for Supply Commodities (Gasc) for Russian wheat nearly to 2.9m tonnes since Moscow lifted a grain export ban at the start of July, the beginning of the 2011-12 marketing year.

Price leadership cut

However, the Black Sea faced its toughest competition since then to win the business, with French wheat offered \$9 a tonne cheaper than a week before, and within \$0.70 a tonne of winning Russian bids, at \$249 a tonne.

At the previous auction, French wheat was more than \$8 a tonne more expensive.

And the price of Argentine wheat fell nearly \$6 a tonne over the week to \$233.40 a tonne.

The reductions left Black Sea wheat milking its cheaper shipping costs to Egypt, of about \$5 a tonne versus French grain and \$25 a tonne compared with Argentine, to maintain Gasc's favour.

Demand hit

The fall in French tender prices, which earlier in 2011-12 were more than \$30 a tonne more expensive than Russian ones excluding freight, reflects in part shockwaves from South American victory in an Algerian tender last week – usually bread-and-butter business for France.

"Part of the cut in French prices is down to the weak euro. But there does seem to be a greater appreciation that the demand situation is not so rosy, and, with other countries willing to do discount, that French farmers may have to accept less than E200 a tonne," a UK grain trader said.

The UK grain arm of a major global commodities house said in a report: "The arrival of supplies from South America has forced [wheat] values down," with extra pressure



coming from the prospect of "what is expected to be a bumper crop in Australia" reaching the international market.

CBH, the main grain handler in Western Australia, the country's top wheat-growing state, reported on Monday that it had received 1.7m tonnes of grain in a week, although there were reports of mixed quality in some areas, following harvest rains last month.

"From just a few days of dry weather across most parts of Western Australia, the amount of grain in the bins has more than doubled in a week," CBH said.

'Grower backlash'

But prices would "not necessarily" continue to fall, the UK grain merchant said, pointing to the prospect of values heading back near, raised, production costs.

"The ultimate supplier of this wheat, the grower, in places as far afield as South America and Australia, is now facing ex-farm values in locations that are far from the ports of less than the equivalent of £100 a tonne," the merchant said. (£100 a tonne is equivalent to \$156 a tonne, or \$4.25 per bushel.)

"At this level there seems to be a grower backlash to these lower prices and put simply they aren't happy to sell."

The merchant added that "generally it is felt that the consumers are circling and waiting to come into the market to buy cover for December through to February".

Nonetheless, prices on Monday dropped in Paris by 1.1%, to E180.00 a tonne for January delivery, and in London by 1.0% to £146.00 a tonne for the best-traded May contract.

"Economic pessimism continues to depress the market with many still highly risk adverse and adopting the 'if I don't need it tomorrow I don't need to buy it today' approach," the merchant said.

EU May Vote to Lengthen Wheat, Barley Import-Duty Moratorium

The European Union may vote this week to extend a moratorium on wheat and barley import duties until June 30.

"It's on the agenda listed as possible, as it would be this time of year," EU spokesman Roger Waite said by telephone today. A vote may take place Nov. 24, he said. The moratorium is scheduled to run through the end of next month.



The 27-nation bloc suspended the duties in June after parts of Britain had their driest spring since at least 1659 and France had its driest season in a half-century, leaving fields parched and threatening production. Drought was declared in parts of Europe and restrictions were put in place that limited use of water for agriculture.

Rainfall in July and August revived crops, causing wheat prices to decline. Milling-wheat futures traded on NYSE Liffe in Paris have dropped 8.5 percent since the end of July and feed wheat has slid 12 percent in London.

Rice

Rice Output in Indonesia May Fall This Year Due to Lower Yields

Unhusked rice production in Indonesia, the third-largest consumer, may decline 1.6 percent this year, reversing earlier estimates in July, because of lower yields and after farmers reduced planting.

Output may drop to 65.39 million metric tons of rice this year from 66.47 million last year, the Central Statistics Office said in its third production estimate in Jakarta today. That compares with a July forecast of 2.4 percent increase this year to 68.06 million tons.

Area planted to the crop may decline 0.2 percent to 13.2 million hectares and yields dropped 1.4 percent to 4.94 tons per hectare, the agency said today.

Reduced output from Indonesia may increase overseas purchases and help boost prices amid tight supply because of floods in Thailand, the largest exporter. The Southeast Asia's biggest economy has sealed deals for 1.6 million tons of the grains from Thailand and Vietnam under this year's import quota, state food company Bulog said Oct. 6.

Bulog will seek alternative supplies from India and Cambodia if Thailand cannot deliver the contracted rice because of the floods, Director General of Foreign Trade at the Trade Ministry Deddy Saleh said.

"Bulog is in talks with India right now for possible rice import to strengthen the domestic stockpiles," Saleh told reporters in Jakarta. "If there's no result, then they may search from Cambodia."

Corn production may decline 6 percent to 17.23 million tons and soybean output may fall 41 percent to 870,070 tons, the statistics office said. Farmers may plant corn at 3.9 million hectares this year, a 6.3 percent drop from a year ago, while the planting area for soybean may fall 4.4 percent to 631,425 hectares.

Damages from Flooding in Southeast Asia Motivate a Reduced 2011/12 Production Estimate USDA

The 2011/12 global rice production forecast was reduced by 0.4 million tons this month to 461.0 million tons (milled basis), led by reductions in several Southeast Asian countries due to severe flooding in that region. Despite the reduction, global rice



production in 2011/12 remains projected at a record, up more than 2 percent from 2010/11.

The largest production estimate decreases this month were made in Southeast Asia as a result of damages from severe flooding. Thailand's production forecast was reduced 950,000 tons to 20.3 million tons. Although the U.S. Agricultural Officer in Bangkok reports that an estimated 1 to 2 million tons of paddy rice was lost during the October floods, it is expected that farmers will partially make up for these losses by expanding plantings in the country's second season crop – particularly given that the flooding has replenished reservoirs needed for planting the second crop.

Many of Thailand's neighbors lack the capability to make up losses from the floods on a second crop. For Burma, production was revised down 500,000 tons to 10.5 million tons on the recommendation of the U.S. Agricultural Officer in Rangoon. Similarly, Cambodia's production estimate was reduced 400,000 tons to 4.8 million tons based on official reports from the U.S. Embassy in Phnom Penh. Last, Laos' production estimate was reduced 150,000 tons to 1.9 million tons based on findings from recent FAS crop travel to that country.

Outside of Asia, several large reductions were made this month in Sub-Saharan Africa.

Production estimates for Madagascar, Mali, and Nigeria were all reduced by more than 100,000 tons, largely based on new data from FAO, down to 2.8 million tons, 1.6 million tons, and 2.6 million tons, respectively. Smaller reductions were made for Cameroon, Colombia, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Mauritania, Mozambique, Russia, Rwanda, Senegal, and Sudan.

These declines were partially offset by a large increase for China, whose production forecast was raised 2.0 million tons to 141.0 million tons based on Government of China data indicating larger area. Production was also raised for Argentina, up 113,000 tons to 1.0 million tons based on preliminary plantings data from the Argentine Ministry of Agriculture. The crop is second only to the 2010/11 record. Smaller increases were made for Cote D'Ivoire, Malawi, Sierra Leone, and the United States.

Global rice production for 2010/11 was reduced by almost 0.2 million tons this month to 451.2 million tons. The largest revision was for Nigeria; that country's 2010/11 production estimate was revised down 180,000 tons to 2.49 million tons based on new information from the FAO. Smaller 2010/11 production estimate reductions were made for Australia, Cameroon, Guyana, Kenya, Malawi, Peru, and Sudan, while production estimates were raised slightly for Argentina, Benin, Chad, and Panama.



Global disappearance in 2011/12 is projected at a record 458.3 million tons, up almost 0.6 million tons from last month's forecast and nearly 11 million tons larger than 2010/11. Upward revisions for China, Ghana, and Sierra Leone were partially offset by reductions for Burma, Cambodia, Laos, Nigeria, and Thailand.

Global ending stocks for 2011/12 are projected at 100.6 million tons, down 0.8 million tons from last month and 3 percent larger than a year earlier. Upward revisions for Argentina and Ghana were more than offset by decreases for Brazil and Thailand. This is the fifth consecutive annual increase in global ending stocks, with the forecast the highest since 2002/03. The global stocks-to-use ratio for 2011/12 is calculated at 21.9 percent, unchanged from 2010/11.

Vietnam rice in advantageous position

Pricing is the biggest challenge facing Vietnamese rice in the world market, V Subramanian, vice president of the Rice Trader, told Viet Nam News on the sidelines of the recently concluded Rice Festival in Soc Trang Province.

How is Vietnamese rice positioned in the global market now?

I think Vietnamese rice has a very good position in the world market. Viet Nam has succeeded with many products, including jasmine rice, dragon rice, glutinous rice and so on. This is a very positive development and good value business for Viet Nam. And in the white rice segment, Viet Nam is going to have a good position in the future. Exactly, what it will be is not certain, we have to wait and see [what happens] with Thailand's rice, which is becoming quite expensive. There is also a lot of potential for Viet Nam in the high quality segment.

Even today you are still delivering rice to Malaysia, Indonesia and Cuba. This is keeping the export business quite strong.

What about the quality of Viet Nam's rice ?

I see that Viet Nam has already exported more dragon rice compared to last year. I think last year was something like 350,000 tonnes. This year it is already more than 400,000 tonnes, the same with glutinous rice. It's now a matter of how much more Viet Nam can produce.

With the white rice 5 per cent, Viet Nam's quality has improved a lot, when we compare the winter-spring crop to the autumn crop, because of investment in dryers and other facilities.



Many of the traders don't complain about the quality of Viet Nam's rice any more. I think a lot of steps have been already taken. I remember two years ago, when I came to the same rice festival, we talked about this and a lot of areas of improvement can already been seen. That is very positive for Viet Nam.

What is the biggest challenge for Vietnamese rice in the global market?

The price Some days, you have to sell your product to consumers, and at the moment, many traders have bought a lot of Vietnamese rice and Thai rice and stocked them in Africa. And this stock, which they bought at high price, has to be sold first, before they can buy more rice from Viet Nam. In the meantime, you have much cheaper rice available in India and Pakistan, who are also competing for space in Africa.

Africa is the important market for ASEAN, but the challenge is also in Asia. You have Indonesia, Malaysia, Philippines and Bangladesh. Each market has unique characteristics. Like Bangladesh, it's a challenge for Viet Nam. The Bangladeshi government says Viet Nam's rice has a good reputation in the country, but compared to India's rice, it's expensive.

But Indonesia has a good trade record with Viet Nam. I believe this will continue, because of the good relationship between the two countries. And I think Indonesians like Viet Nam's rice. Indonesia has a good potential for Viet Nam. Malaysia too.

With Thailand's rice becoming more expensive, Viet Nam's rice is in a advantageous position, because the competition is then with Pakistan. But Pakistan's 5 per cent white rice, sold to Malaysia, is not as much as what Viet Nam can offer in terms of quantity.

How should Viet Nam prepare for upcoming challenges in the world market?

I think most of the steps have been already taken. Right now you have to decide what type of rice is going where. I think this decision should be made on the ground. The farmers, the millers, they will send the message which type of rice they prefer to meet the demand of the market.

What do you think about the large-scale farming model in Viet Nam?

I don't have enough information to evaluate it, but I know large-scale farming tends to have better efficiency. Just hope the weather is ok, and I think the investment will pay off. I believe the steps are in the right direction.



Indonesian, Thailand sign MoU for thai rice purchases

Indonesia signed a Memorandum of Understanding (MoU) with Thailand to buy one million tonnes of Thai rice annually, Thai Prime Minister Yingluck Shinawatra said after her bilateral talks with the Indonesian president on the sidelines of the Association of South-East Asian Nations (ASEAN) summit in Bali.

The Thai prime minister also disclosed that the MoU, which was already signed, placed Indonesia as one of Thailand's main rice export market with advance fixed orders. The two countries also discussed cooperation and future investment.

Ms Yingluck said that during the talks she thanked Indonesia for some Bt30 million (US\$966,810) in financial assistance and other donations for Thai flood victims.

Meanwhile, Thai government spokesperson Thitima Chaisang said that Indonesia showed interest to Thailand's local products under the One Tambon One Product (OTOP) project as Indonesia also has a wide range of local products and would like to exchange information on running such a project with Thailand.

Indonesia also proposed to exchange information on flood prevention through seminars with Thai and Indonesian experts. The plan will be worked out by officials of both countries for an international seminar in the ASEAN member countries, the Thai government spokesperson said.

Sugar

Morocco ups prices for local sugar beet, cane

Morocco has agreed to raise prices paid to local farmers of sugar beet and cane to cut reliance on raw sugar imports and encourage planting after heavy rain marred the previous two campaigns, industry sources told Reuters on Tuesday.

Sugar beet farmers will obtain 80 dirhams per tonne or close to a 20 percent increase spread over two years starting in 2012, said three farmers, including Ahmed Ouayach who chairs the Moroccan Confederation of Agriculture.

"Sugar cane farmers will obtain 45 dirhams per tonne also spread over two years," said Ouayach who noted that the increase was the first since 2006.

"This is a significant increase that should restore some order. Prices have not changed since 2006, while rising input costs have eroded farmers' margins in recent years," he said.

An agriculture ministry spokesperson could not immediately comment.

Prices of sugar like wheat flour and fuels are regulated by the state. Cosumar, in which a holding controlled by the ruling royal family is the biggest shareholder, holds a monopoly in the processing of the local sugar beet and cane harvest and refining of raw sugar imported mostly from Brazil.

Thousands of sugar beet farmers threatened earlier this year to boycott the delivery of next year's crop to Cosumar to press for better terms.

Reinforcing their words with actions would have meant increased imports of raw sugar by Cosumar which has an annual refined sugar output of 1.2 million tonnes.

"The harvest this year was average after the floods we have had for two years ... We were penalized a bit," said Ouayach.

Local sugar cultivations contribute between 40-50 percent of the country's sugar needs depending on the sugar content in the local harvest. This year, Morocco produced 3 million tonnes of sugar beet and 720,000 tonnes of sugar cane.

Morocco's public finances have faced an unprecedented surge in food and energy subsidies which have almost trebled from what was initially budgeted for 2011 as rulers sought to head off the discontent that sparked revolts rocking regional neighbours.



Some farmers felt the increase was not good enough.

"The majority of farmers haven't sowed this year because the two previous campaigns 2010 and 2011 were disastrous," said Driss Ghezlaoui, an industrial-scale sugar beet farmer from the Doukkala region, which accounted for 39 percent of Morocco's beet harvest in 2010.

"We are boycotting the planting, 100 percent," added Ghezlaoui.

"If things carry on the way they are the beet harvest will be lower than 2011 ... We are thinking of alternative crops to end this situation of unfair trade," he said.

Indian government to take decision on sugar exports on 21st November

The industry is seeking an early decision on sugar exports as global prices are softening and a further delay in announcing the policy would make exports unviable

New Delhi: Food minister KV Thomas today said the government will take a decision on allowing sugar exports in the 2011-12 marketing year on 21st November, reports PTI.

"We will take a decision on sugar exports on Monday next week," Mr Thomas told reporters here.

The Empowered Group of Ministers (EGoM) on food headed by financeminister Pranab Mukherjee is meeting on 21st November to discuss the possibility of sugar exports this year, among other issues, he added.

Although Mr Thomas did not disclose the quantity of exports that the government might allow on 21st November, sources said the food ministry has proposed the export of 5 lakh tonnes of sugar initially under the open general licence (OGL) scheme.

Yesterday, agriculture minister Sharad Pawar had said the issue of sugar exports would be discussed in the forthcoming EGoM meeting.

The sugar industry has been demanding permission for the export of four million tonnes of sugar in the 2011-12 marketing year (October-September), as the country's production is estimated at 25-26 million tonnes against annual domestic demand of 22 million tonnes.



The industry is seeking an early decision on sugar exports as global prices are softening and a further delay in announcing the policy would make exports unviable.

In the previous marketing year, the government had permitted 2.6 million tonnes of sugar exports, of which 1.5 million tonnes was through the OGL in three equal tranches.

Sugar production in India—the world’s second-largest producer and biggest consumer—rose to 24.3 million tonnes in 2010-11 from nearly 19 million tonnes in the previous year.

In this marketing year, the government has pegged sugar output at 25 million tonnes, while the industry has estimated production at 26 million tonnes.