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Asian Exporters' Chamber Of Commerce and Industry

WEEKLY VIEWPOINT

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WEEKLY INSIGHTS

Vol. 1 | Issue No. 1 | 4 March 2023

By: Samiksha P (Digital Efforts)

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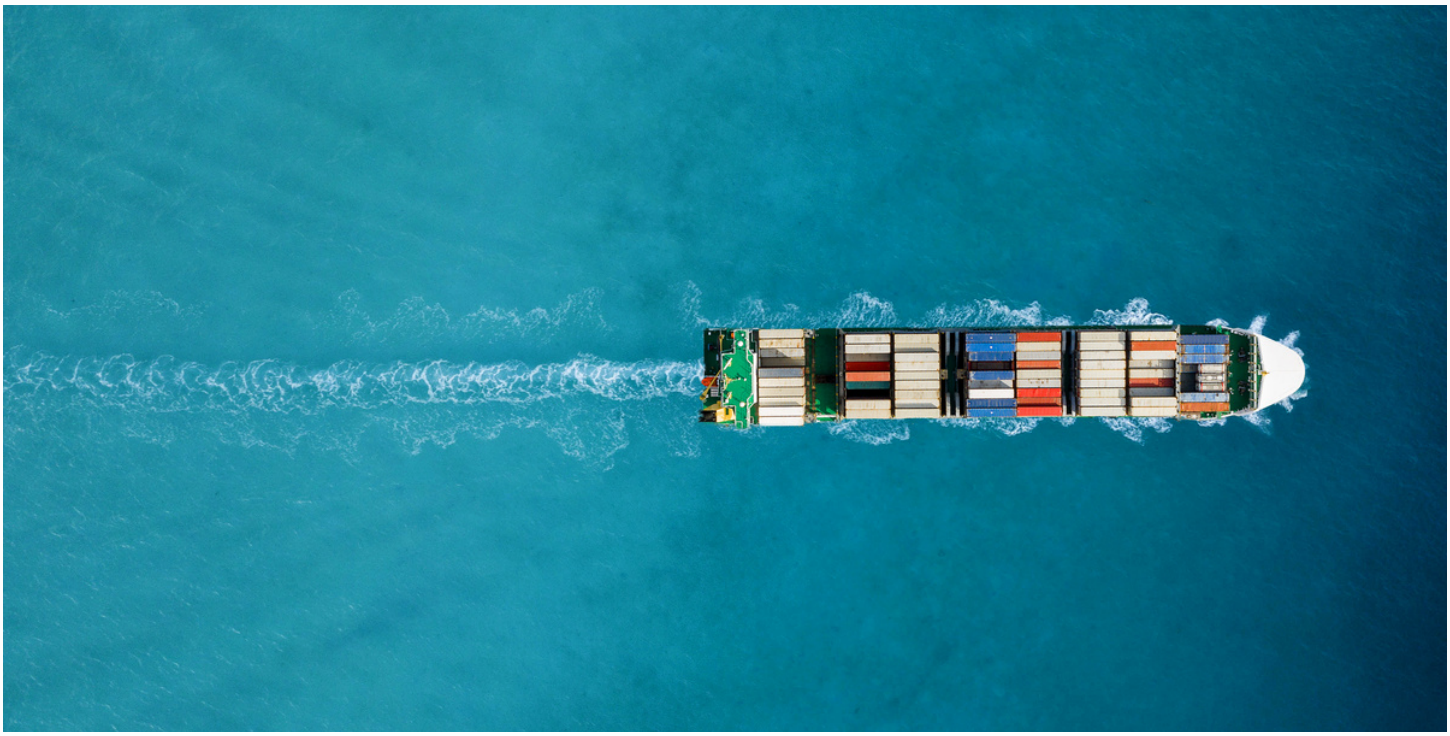


India won't allow new sugar exports to prevent domestic shortages

India, which vies with Brazil as the world's biggest sugar producer, will not allow any more exports for now on concern that weaker production will threaten domestic supplies.

The government has decided not to approve new sugar shipments after meeting with some cane officials from major producing regions this week, according to people with knowledge of the matter, who asked not to be identified as the information is private. That means there won't be additional exports beyond the 6 million tons India has already allowed this season.

The global sugar market has anticipated the move. Prospects for lower India exports sent prices soaring early this month to the highest since 2016, threatening more inflationary pain by increasing the cost of making pastries, candy and soft drinks. Prices have since retreated as traders shift their focus to burgeoning supplies from Brazil and Thailand, the other major shippers.

The Indian government will assess domestic supply and demand again in March, when cane crushing nears its end, before taking a call on exports, the people said. A spokesperson for the food and commerce ministries wasn't immediately available to comment.

Meanwhile, India's biggest sugar-producing region of Maharashtra has cut its production estimate to 12.4 million tons this season, compared with a previous forecast of 12.8 million tons. Shekhar Gaikwad, the state's sugar cane commissioner, said unseasonable rains have reduced yields.

Production was 13.8 million tons in the previous crop year.

Average cane yields in Maharashtra this season is estimated at 87 tons per hectare, compared with 98 tons a year earlier, he said.

Headlines of the Week

Here's the latest business news

- India feeling 'little challenged' about EU's carbon tax: Official
- India likely to continue curbs on wheat, rice exports
- India's exports to Turkiye may get impacted in the short run due to the earthquake
- Import expenses 12 times of export earnings in the space-technology sector
- Govt may continue export curbs, impose stock limits to control wheat prices
- India's exports in January dipped by 6.58% to $32.91 bn
- $5 billion export target by 2025: Modi govt's push to turn India into world's defense manufacturing hub
- Soaring Russian oil imports hit India's rupee trade plans with the country
- US import prices were down 0.2% in January, and export prices were up 0.8%
- US Trade Body Finds India More Expensive Than Other APAC Nations
- Piyush Goyal says India, US 'thinking big' over their trade relationship, rules out FTA
- 20 Russian banks open rupee vostro accounts for trade with India
- India-UAE ideate virtual trade corridor for quicker clearance of shipments
- India's exports to UAE may cross $31 billion this fiscal, thanks to FTA

Despite Rising Demands from China, Here's Why Russia Will Still Favour Indian Market for Oil Exports

Russia will keep selling as much oil as it can to India despite the rebound in Chinese demand, a report has said.

India, which purchased almost no Russian oil a year ago, has become a crucial market after the US and EU imposed sanctions on Moscow amid the Ukraine war.

A Bloomberg report quoting Kpler said New Delhi imported around 1.85 million barrels a day from Russia in February, close to its potential maximum of about 2 million barrels a day.

Though China can buy "literally the entire Russian oil exports" after abandoning its Covid-zero policies, Russia will stick to Indian market since it is lucrative and gives it a greater control, the report quoted Viktor Katona, lead crude analyst at Kpler as saying.

In February, Russia exported 2.3 million barrels crude a day to China. Beijing's demand for oil is set to increase by 900,000 barrels a day this year as the country has done away with Covid rules.

The Western sanctions on Russian oil have benefited India hugely. In less than a year, India has saved an estimated $3.6 billion by ramping up Russian oil imports, a report in Quartz said.

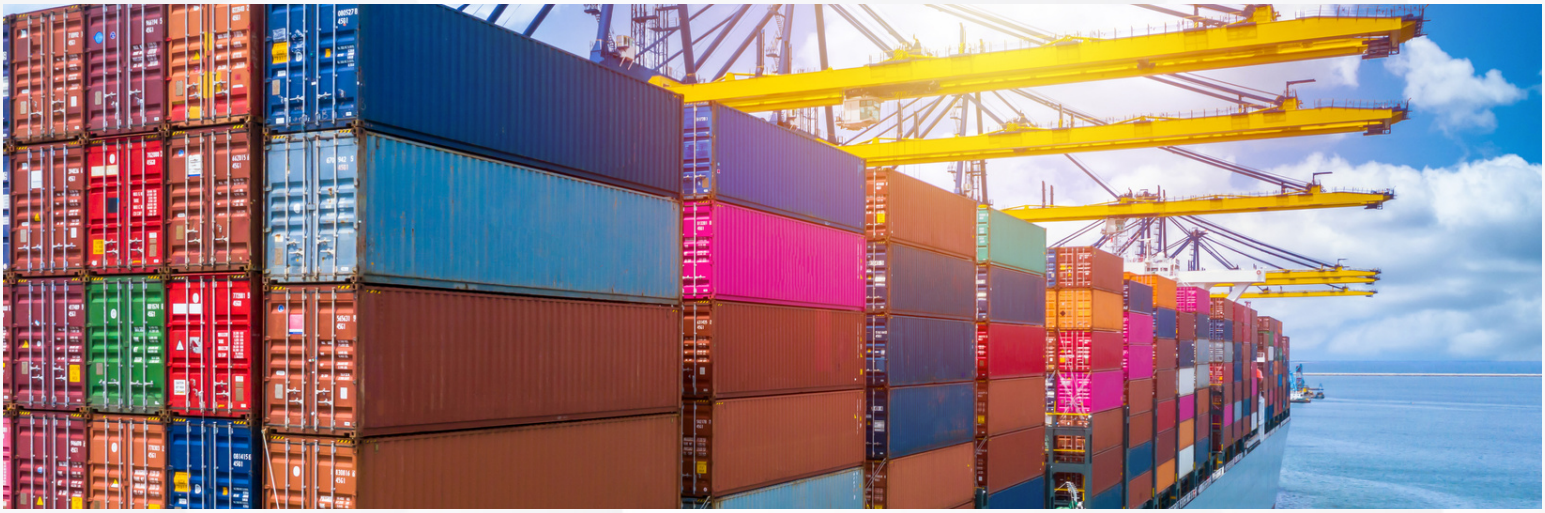
New Delhi has bought Russian oil below the $60-a-barrel cap imposed by the West. It has played a significant role in keeping Russia's oil balance sheet afloat.

China may want to buy more Russian oil this year but Beijing also has the capacity to do its own shopping. The report further said that it would deprive Moscow of income from the "parallel gray fleet" of tankers it has established to is deliver crude to India.

Moreover, the journey to India is shorter as it takes a tanker 35 days on average to get to India from Russia's western ports. On the other hand, it takes 40 to 45 days to China.

Is free trade really beneficial for developing countries?

Free trade has been a highly debated topic for many years, and it remains a crucial issue for both developed and developing countries. Supporters of free trade argue that it leads to increased economic growth, job creation, and access to cheaper goods for consumers. On the other hand, opponents of free trade believe that it can be harmful to local industries, lead to job losses, and result in lower wages and working conditions.



While the benefits of free trade for developed countries are relatively clear, the impact on developing countries is more complex. Proponents of free trade argue that it provides developing countries with access to larger markets, leading to increased exports and foreign investment, which can drive economic growth. They also argue that free trade allows developing countries to specialize in the production of goods and services where they have a comparative advantage, leading to increased efficiency and productivity.

However, opponents of free trade argue that it can lead to the exploitation of developing countries by multinational corporations, who may take advantage of low wages and weak labor laws. This can lead to job losses and lower wages for workers, as well as negative environmental impacts as companies seek to cut costs.

Additionally, developing countries may lack the infrastructure and resources necessary to compete with larger, more established economies. This can make it difficult for them to take advantage of the opportunities provided by free trade, leading to increased inequality between countries.

To address these concerns, some advocates of free trade argue that it should be coupled with policies to support developing countries, such as investment in infrastructure, education, and healthcare. They also suggest that labor and environmental standards should be included in trade agreements to prevent exploitation and ensure that all workers are treated fairly.

In conclusion, while free trade can provide opportunities for developing countries to participate in the global economy and drive economic growth, it is important to carefully consider its potential impact on local industries, workers, and the environment. To ensure that free trade is truly beneficial for all countries, it must be coupled with policies and regulations that support sustainable and inclusive development.