

CEFS FACT SHEET ON INDIA



ABOUT INDIA

World's second largest producer and third exporter of sugar with significant surplus that weigh on global sugar prices.

Expansion of sugar sector thanks to massive government support and intervention.

Sugar policy condemned by WTO in 2021.

Unsustainable production practices that harm human health and the environment.

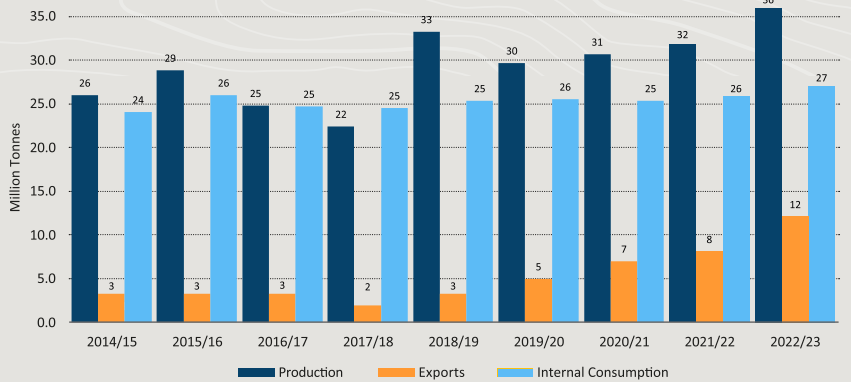


Figure 1: India's sugar production, exports and internal consumption from 2014 to 2023, including opening stocks. Source: International Sugar Organisation (2024).

VERY HIGH MINIMUM GUARANTEED PRICES FOR SUGARCANE



Figure 2: World sugar market Prices Vs. Sugarcane prices in India
Source: India: Cane prices (INR/tonne) 2004/05 - 2022/23, Fair and Remunerative Prices for Sugarcane (FRP), State Advised Price for Sugarcane (SAP) in Uttar Pradesh (UP). Source: USDA, CACP.

Cane prices completely disconnected from world market price trends, stimulating overproduction of sugarcane

India's sugarcane price support exceeded the level permitted under WTO Agreement on Agriculture

Sugar mills compensated when sugar cane prices exceed sugar producers' revenues



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EXPORT SUPPORT



High sugarcane prices → steady increase of sugarcane and sugar production. Persistent large sugar surpluses have to be stored or exported with the help of massive subsidies.

These subsidies include export quotas, aids for marketing and transportation, and funding of buffer stocks.

World sugar market flooded with subsidised Indian sugar between 2018/19 and 2020/21.

The WTO ruled India's export subsidies violated trade rules in 2021, distorting the sugar market, leading to their phase-out and the implementation of export restrictions.

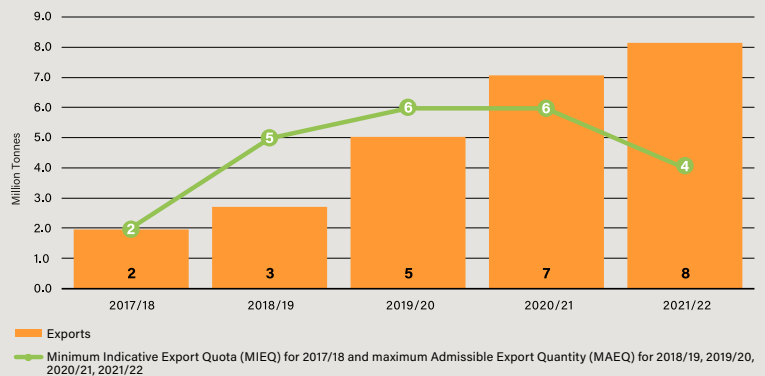


Figure 3: India's sugar exports and subsidised export quotas over the past years. Source: S&P Global, WTO

Export quotas:
\$850m
in 2019/20

Internal transport subsidy (linked):
\$700m
in 2018/19 and 2020/21

Economic support from the Indian government to the Indian Sugar sector from 2014/15 to 2020/21:
\$1.2bn in production subsidies
\$1.5bn in export subsidies
\$400m for buffer stocks

SUSTAINABILITY



India – third water waster from all sugar producers worldwide¹.



Sugarcane farmers in India have the possibility to use about 40 pesticides that have never been approved or have been banned in the EU.

1. The Wire Science. 13 July 2021. A water crisis is hiding behind India's sugar dominance.



Sugarcane burning remains a widespread agricultural practice, causing air pollution and negative health outcomes among local populations and field workers.

Source: S&P Global, WTO