

India's bid to support local farmers, raises import tax on crude, refined soft oils

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India's government on Thursday raised import tax on crude and refined soyoil, sunflower oil and canola oil to the highest level in more than a decade, as the world's biggest edible oil importer tried to support local farmers. The hike will make palm oil competitive in the Indian market and reduce the flow of soft oils like sunflower and canola in coming months, boosting local producers.

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"Imports of palm oil will rise in coming months. Palm was losing market share due to higher duty. Now there is a level playing field," said Sandeep Bajoria, chief executive of the Sunvin Group, a Mumbai-based vegetable oil importer.

In March, India raised its import tax on crude palm oil to 44 percent from 30 percent and lifted the tax on refined palm oil to 54 percent from 40 percent. It kept the duty on soft oils unchanged, however, making them more competitive in the local market.

The country's palm oil imports in May plunged 38 percent from a year earlier to their lowest in nearly 4-1/2 years as imports of soyoil and sunflower oil jumped, a trade body said on Thursday.

After the duty hike, India's sunflower oil and canola oil imports could moderate, while soyoil imports remain largely unchanged, Bajoria said.

The country buys palm oil from Indonesia and Malaysia; and soyoil mainly from Argentina and Brazil, while it purchases sunflower oil from Ukraine.

"This was badly needed for palm oil. Export of both Malaysia and Indonesia fell in last two months," a Kuala Lumpur-based palm trader said.

Malaysia's palm oil exports in May dropped 8.8 percent from April to around 1.2 million tonnes, independent inspection company AmSpec Agri Malaysia said.

Weak exports pulled Malaysian palm oil futures to the lowest level in more than 22-months on Wednesday.

Palm oil prices are likely to rebound in coming days as exports would start picking up from July onwards, the Kuala Lumpur-based trader said.

Source: <http://www.zeebiz.com/india/news-indias-bid-to-support-local-farmers-raises-import-tax-on-crude-refined-soft-oils-51185>