

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Nicaragua

Sugar Annual

Sugar Production Up 15 Percent

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Report Highlights:

Sugar production increased 15 percent in 2016/2017 reaching over 732,536 metric tons (MT) due to the favorable climatic conditions. Average yields went up 8 percent reaching more than 71 MT per hectare.

Planted area totaled 72,281 hectares – up 2 percent compared to the previous year. The increase in planted areas was driven mainly by the need of sugar mills to increase biomass production for energy plants. For 2017/2018, the Nicaraguan Committee of Sugar Producers (CNPA) forecasts a 2 percent increase in planted areas with an estimated production of 750,000 MT.

Executive Summary:

Sugar cane production is estimated at 732,536 MT in 2016/2017 - a 15 increase compared to the previous production cycle. This increase is attributed to more favorable climatic conditions in 2016, contrary to the severe drought that affected Nicaragua in 2015. Average yields went up by 8 percent, reaching more than 71 MT per hectare. Planted area totaled 72,281 hectares, a 2 percent increase compared to the previous year. The jump in planted areas was driven by the need of sugar mills to increase biomass production for energy plants. Three out of four sugar mills have biomass energy plants and sell energy to the national grid. Market analysts expect that by 2018, all sugar mills will have biomass energy plants. Sugar cane farmers didn't report any significant problems with pests and/or weather conditions during the production cycle. For 2017/2018, the Nicaraguan Committee of Sugar Producers (CNPA) forecasts a 2 percent increase in planted area with an estimated production of 750,000 MT. In calendar year (CY) 2016, Nicaragua's sugar consumption reached 274,877 MT, a 2 percent increase compared to the previous year. For CY 2017, Nicaragua's Sugar Central Association (NCSA), a private agency that sells all the Nicaraguan sugar, does not foresee a significant increase in domestic consumption.

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Production:

Sugar cane production is estimated at 732,536 MT in 2016/2017, a 15 increase compared to the previous production cycle. This increase is attributed to more favorable climatic conditions in 2016 – much different than the previous year when the country suffered a severe drought. In 2016/2017, Nicaragua didn't produce any ethanol because of low international oil prices. For 2017/2018, the Nicaraguan Committee of Sugar Produces (CNPA) forecasts a 2 percent increase in planted area with an estimated production of 750,000 MT.

Average yields reached more than 71 MT, an 8 percent increase compared to the previous cycle. The increase in yields is attributed mostly to favorable climatic conditions. Sugar cane farmers didn't report any significant problems with pests and/or the weather.

Planted area totaled 72,281 hectares, a 2 percent increase compared to the previous year. The increase is driven by the need of the sugar mills to boost biomass production for their energy plants. Most of the increase in planted area occurred on the southwestern side of the country. For 2017/2018, the Nicaraguan Sugar Commission forecasts a 2 percent increase on planted areas with an estimated production of 750,000 MT.

Consumption:

Nicaragua's Sugar Central Association (NCSA) estimates a per capita sugar consumption at 46.64 kg per year. In CY 2016, Nicaragua's total sugar consumption reached 274,877 MT – up 2 percent

compared to the previous year. For CY 2017, NCSA does not foresee a significant increase and anticipates very similar levels of consumption as in 2016. The growth of sugar consumption is the result of different factors. For example, the Nicaraguan economy has experienced positive economic growth while the beverage industry has been expanding as well. Plus, there has been a significant increase of small mom-and-pop stores through the country that make processed beverages easily available to a larger number of consumers.

Trade:

Nicaraguan sugar exports reached over 280,373MT in CY 2016, a 42 percent decrease compared to the previous year due to the decrease in production. Major export destinations include the United States, Venezuela, Ivory Coast, Haiti, United Kingdom, Ghana and others. From the total sugar production, about 65 percent goes to the export market and 35 percent stays in the domestic market.

Table 1. Nicaragua: 2016 Sugar Export Trade Matrix

Countries	MT
United States	71,886
Ivory Coast	40,161
Haiti	32,553
Venezuela	30,000
United Kingdom	27,824
Ghana	20,062
Others	57,887
Total	280,373.1

Sugar Quotas

Nicaragua has tariff rate quotas (TRQs) with the United States under the World Trade Organization (22,114MT); CAFTA-DR (26,840), the European Union (23,739 MT) and Taiwan (21,067 MT of refined sugar and 10,379 MT of raw sugar). Mexico also allocates an export quota to Nicaragua to buy only when there is a shortage of sugar in that country.

Policy:

The Government of Nicaragua does not set sugar prices nor does it provide subsidies or special credit programs. However, sugar is a good included in the basic consumption basket and therefore it is exempt from IVA (main consumption tax). In addition, the sugar industry benefits from relatively high domestic prices compared to sugar prices in the international market. Nicaragua also lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

Marketing:

The private sector in Nicaragua buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8 and 2 kg. NCSA reported the following wholesale and retail prices for refined and white plantation sugar in 2016.

Production, Supply and Demand Data Statistics:

Table 2. Nicaragua: Wholesale Prices for Refined and White Sugar in 2016, in US Dollars

Sugar prices per pound	Jan	Feb	Mar	Apr	May	June	Jul.	Aug	Sept	Oct	Nov	Dec
White Plantation Sugar	0.30	0.30	0.30	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Refined Sugar	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33

Table 3. Nicaragua: Retail Prices for Refined and White Sugar in 2016, in US Dollars

Sugar prices per pound	Jan	Feb	Mar	Apr	May	June	Jul.	Aug	Sept	Oct	Nov	Dec
White Plantation Sugar	0.36	0.36	0.35	0.35	0.35	0.38	0.35	0.35	0.35	0.38	0.38	0.34
Refined Sugar	0.40	0.40	0.40	0.39	0.39	0.43	0.39	0.39	0.39	0.42	0.42	0.38

Table 4. Nicaragua: Production, Supply and Demand Data Statistics

Sugar Cane for Centrifugal	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2018	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	72	72	75	74	0	76
Area Harvested	72	72	75	74	0	76
Production	5982	6162	6750	6659	0	6838
Total Supply	5982	6162	6750	6659	0	6838
Utilization for Sugar	5982	6162	6750	6659	0	6838
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	5982	6162	6750	6659	0	6838
(1000 HA) ,(1000 MT)						

Table 5. Nicaragua: Production, Supply and Demand Data Statistics

Sugar, Centrifugal	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	46	46	31	44	0	47
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	662	622	760	732	0	750
Total Sugar Production	662	622	760	732	0	750
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	708	668	791	776	0	797
Raw Exports	290	320	310	411	0	426
Refined Exp.(Raw Val)	108	35	115	43	0	47
Total Exports	398	355	425	454	0	473
Human Domestic Consumption	279	269	284	275	0	275
Other Disappearance	0	0	40	0	0	0
Total Use	279	269	324	275	0	275
Ending Stocks	31	44	42	47	0	49
Total Distribution	708	668	791	776	0	797

(1000 MT)