

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Nicaragua

Sugar Annual

Nicaragua's sugar production reaches new record high

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Report Highlights:

Nicaragua's sugar production reached a new record high in Market Year (MY) 2017/2018. Sugar production totaled 787,000 metric tons (MT), a four percent increase compared to the previous year.

The increase in production is attributed to an expansion of planted area as well as favorable climatic conditions. For MY 2018/2019, the Nicaragua sugar industry anticipates a further two percent increase in sugar production.

Executive Summary:

Nicaragua's sugar production reached a new record high in Market Year (MY) 2017/2018. Sugar production totaled 787,000 metric tons (MT), a four percent increase compared to the previous year.

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In recent years, the Nicaraguan sugar industry has experienced substantial growth due to the expansion of cultivated areas, which have increased more than 30 percent since 2011. One of the main factors contributing to the growth of the sugar industry is the diversification of the sugar industry into the production of energy. All of the sugar mills have biomass energy plants. Three of them sell energy to the national grid. The newest biomass plant was built in 2017 with an installed capacity of 40 Megawatts per hour and will start operations later in 2018. In MY 2017/2018, the sugar mills generated 664,359,329 KWH out of which 63 percent was sold the national grid. The relatively good sugar prices in its major export markets have contributed to the growth of the sugar industry. Due to low oil prices, Nicaragua has not produced any ethanol.

Commodities:

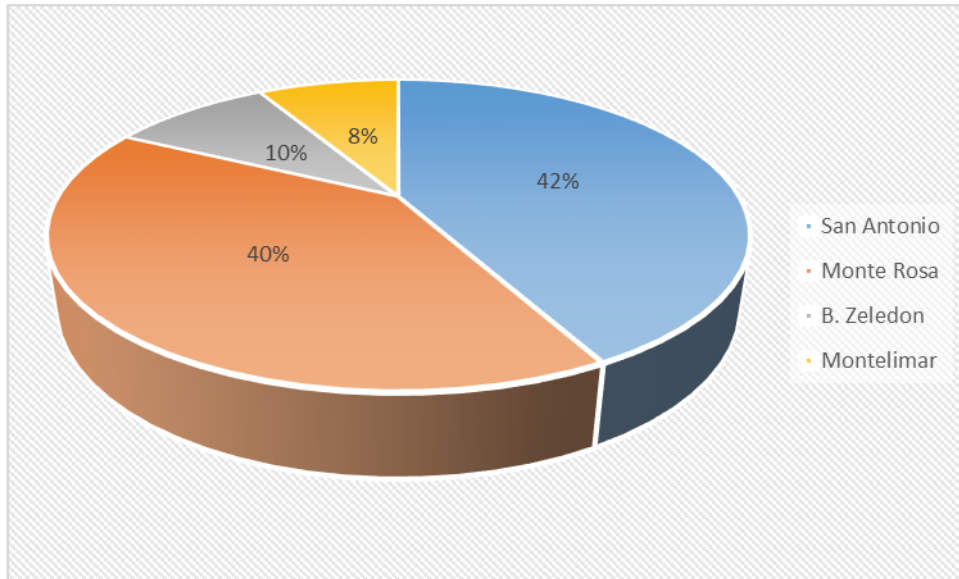
Sugar Cane for Centrifugal

Production:

Sugarcane is produced along the Pacific Coast of Nicaragua and the sugarcane harvest runs from November through May. The main sugar mills are San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar. In MY 2017/2018, sugar production reached over 787,000 MT, a four increase compared to the previous year. For MY 2018/2019, the Nicaragua sugar industry anticipates a further two percent increase in sugar production.

Sugar Mills' Production Shares

Total production in 2017/2018 reached 787,000 MT



Crop Area

Planted area reached close to 76,000 hectares, a two percent increase compared to the previous year.

This increase is driven in part by the need of the sugar mills to increase biomass production for their energy plants. Most of the increase on planted areas are taking place on the South Western side of the country where the new biomass plant was built with an installed capacity of 40 Megawatts. For MY 2018/2019, the Nicaraguan Sugar Commission forecasts a 2 percent increase on planted areas with an estimated production of 800,000MT.

Yields

Average yields reached over 75.20 tons per hectare, a five percent increase compared to the previous cycle. The increase in yields is attributed to the favorable climatic conditions. Further, sugar cane farmers did not report any significant problems with pests.

Consumption:

Nicaragua's Sugar Central Association (NCSA) estimates a domestic per capita consumption of 46.64kg. In MY 2017/2018, Nicaragua's sugar consumption reached 280,000 MT, a two percent increase compared to the previous year. For MY 2018/2019, the NCSA does not foresee a significant increase and anticipates a very similar level of consumption as 2017/2018. The growth of sugar consumption is the result of different factors. The Nicaraguan economy overall has experienced positive economic growth driving up consumer demand; and in particular there has been rapid growth of demand in the beverage sector. In addition, there has been a significant increase in the number of small mom-

and-pop stores throughout the country. As a result, processed beverages are more available to a larger number of consumers.

Trade:

In MY 2017/2018, Nicaragua’s sugar exports reached over 481,200MT, a five percent increase compared to the previous year. Major export destinations included the United States, the United Kingdom, Cote de Ivoire, Taiwan, Canada, and the Netherlands. About 65 percent of total sugar production goes to the export market and 35 percent is destined for the domestic market.

2017/2018 Sugar Export Trade Matrix

Countries	MT
United States	84,068
United Kingdom	65,057
Cote D Ivoire	61,044
Taiwan	58,611
Canada	45,541
Netherlands	38,207
Other	128,672
Total	481,200

Stocks:

The Nicaraguan Sugar Association maintains ending stocks of about 40,000 MT to ensure adequate supply. The total sugar domestic consumption is over 280,000 MT.

Policy:

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs for sugar production or export. The sugar industry does benefit from relatively high domestic prices compared to sugar prices in the international markets. Nicaragua lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

Marketing:

The private sector of 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 2kg. Nicaragua’s Sugar Association reported the following wholesale and retail prices for refined and white plantation sugar in CY 2017.

Whole Sale Prices for Refined and White Sugar in 2017

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.30	0.30	0.30	0.30	0.30	0.30	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	0.34	0.34	0.34	0.34	0.34	0.34

Retail Prices for Refined and White Sugar in 2017

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.36	0.36	0.36	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Refined Sugar	0.37	0.41	0.41	0.37	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41

Production, Supply and Demand Data Statistics:

Production Tables:

Sugar Cane for Centrifugal Market Begin Year Nicaragua	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	74	74	76	76	0	78
Area Harvested	74	74	76	76	0	78
Production	6659	6659	6838	7400	0	7,480
Total Supply	6659	6659	6838	7400	0	7,480
Utilization for Sugar	6659	6659	6838	7400	0	7,480
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	6659	6659	6838	7400	0	7,480

(1000 HA) ,(1000 MT)

Sugar, Centrifugal Market Begin Year Nicaragua	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	35	35	35	39	0	40
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	760	733	750	787	0	800
Total Sugar Production	760	733	750	787	0	800
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	795	768	785	826	0	840
Raw Exports	310	411	310	351	0	370

Refined Exp.(Raw Val)	150	43	150	130	0	130
Total Exports	460	454	460	481	0	500
Human Dom. Consumption	260	275	250	280	0	285
Other Disappearance	40	0	40	25	0	15
Total Use	300	275	290	305	0	300
Ending Stocks	35	39	35	40	0	40
Total Distribution	795	768	785	826	0	840
(1000 MT)						