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Report Highlights:

Brazil remains the world's largest sugarcane and sugar producer. Despite higher sugarcane production forecast for MY2026/27, the harvest is expected to favor ethanol over sugar production, reducing sugar output and exports. This shift is directly linked to domestic gasoline prices, since higher gasoline prices make ethanol more profitable relative to sugar, changing the production mix accordingly. Brazil is the second-largest recipient of the U.S. sugar tariff-rate quota, representing approximately 14 percent of the total TRQ, and has consistently met its allocation in recent years. On January 17, 2026, the EU and Mercosur signed an agreement granting Mercosur exporters duty-free access for 180,000 metric tons of raw cane sugar for refining. The EU-Mercosur quotas to be assigned to Brazil will be allocated exclusively to North-Northeastern sugar producers, consistent with the allocation methodology for U.S. sugar TRQs and in accordance with specific federal legislation.

Sugarcane Production

Sugar Cane for Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Apr 2024		Apr 2025		Apr 2026	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	9600	0	0	9850	0	9950
Area Harvested (1000 HA)	9400	0	0	9700	0	9800
Production (1000 MT)	645000	0	0	660000	0	675000
Total Supply (1000 MT)	645000	0	0	660000	0	675000
Utilization for Sugar (1000 MT)	316050	0	0	326700	0	324000
Utilizatn for Alcohol (1000 MT)	328950	0	0	333300	0	351000
Total Utilization (1000 MT)	645000	0	0	660000	0	675000
(1000 HA) ,(1000 MT)						

Brazil continues to maintain its position as the world's largest producer of sugarcane and sugar. Total sugarcane production for marketing year 2026/27 (April–March) is forecast at 675 million metric tons (MMT). Production in the Center-South region (CS) is projected at 620 MMT, while the North-Northeast region (NNE) is expected to produce 55 MMT.

Sugarcane production for MY2026/27 is projected to increase by approximately two percent compared to MY2025/26 (660 MMT) due to improved climatic conditions that favored the development of sugarcane fields and, consequently, increased agricultural productivity.

Throughout 2025, the CS sugarcane-growing regions recorded rainfall volumes within normal ranges, which resulted in the recovery of sugarcane fields affected by the drought and excessive heat recorded in 2024, leading to accelerated biomass gains. Consequently, the sugarcane harvest in the first three months of MY2026/27 (first third of the harvest) is expected to register slightly higher levels of tons of cane per hectare (TCH) and higher levels of Total Recoverable Sugars (TRS) compared to the previous harvest.

Unlike recent harvests, sugarcane crushing is projected to be more heavily directed toward ethanol production, thereby reducing the sugar production mix, which is estimated at 48 percent for sugar and 52 percent for ethanol in MY2026/27. The 2025/26 harvest had a mix of 49.5 percent for sugar and 50.5 percent for ethanol.

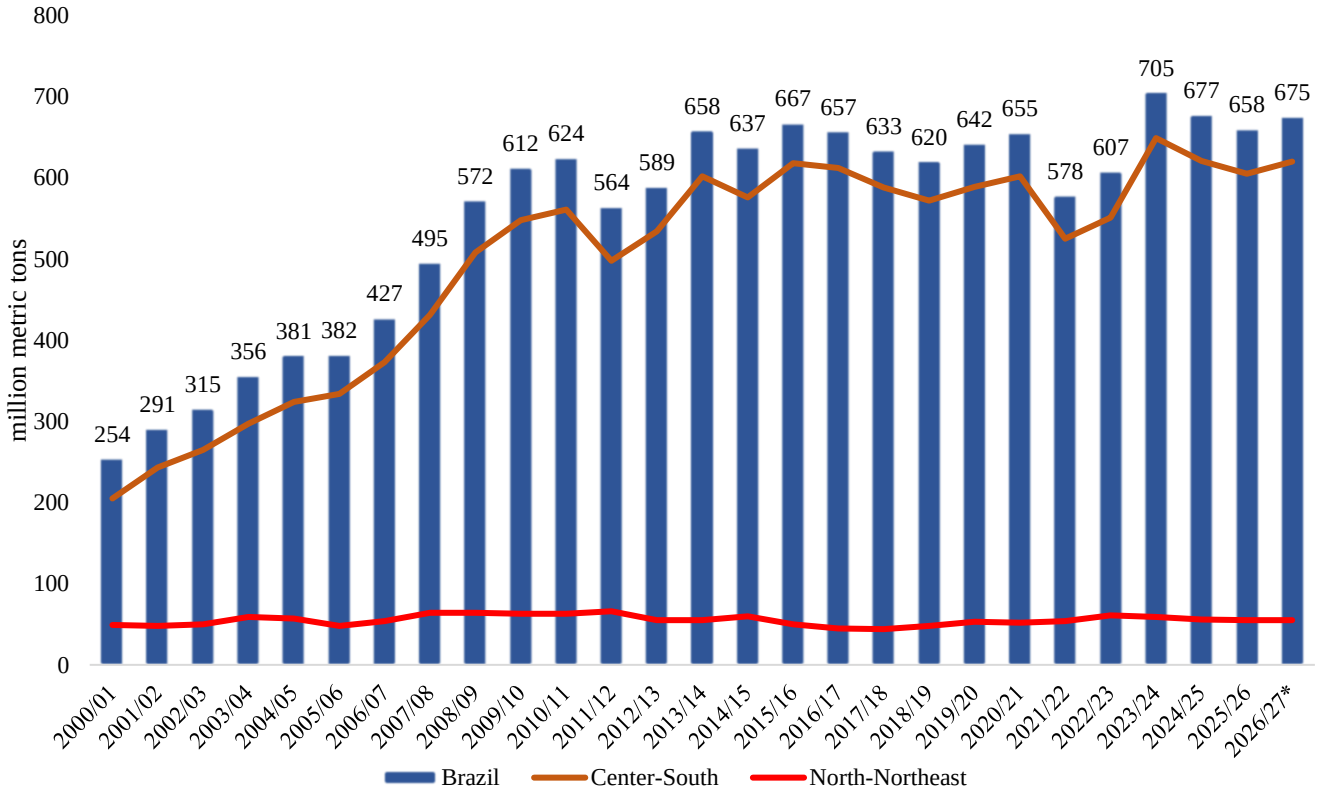
Strong domestic ethanol demand drives the shift in the sugar-ethanol mix. The anhydrous ethanol blend in gasoline increased from 27 percent (E27) to 30 percent (E30) in August 2025, while hydrous ethanol offers producers better domestic prices and profitability than sugar. Falling international sugar prices reinforce this trend.

April and May 2026 rainfall will determine the second-semester sugarcane harvest trajectory, though agricultural and industrial productivity indexes should remain near MY2025/26 levels.

In the North-Northeast (NNE), climatic conditions were unfavorable for sugarcane field development, as the main producing regions registered lower rainfall volumes in 2025. As a result, MY2026/27 crushing is expected to remain at approximately 55 million metric tons, the same quantity recorded in MY2025/26. In Alagoas, production is expected to remain close to MY2025/26 levels, supported by increased crushing and productivity. In Pernambuco, production is projected to grow due to expanded harvested area. In Paraíba, TRS is estimated to remain within the historical average, with a slight increase in production despite a reduction in harvested area.

In the Center-South, the crop season extends from April through March, and the MY2026/27 harvest in the region officially began on April 1. The North-Northeast crushing season runs from September through August.

Figure 1
Brazilian Sugarcane Production, MY 2000/01 to MY2026/27 (million metric tons)

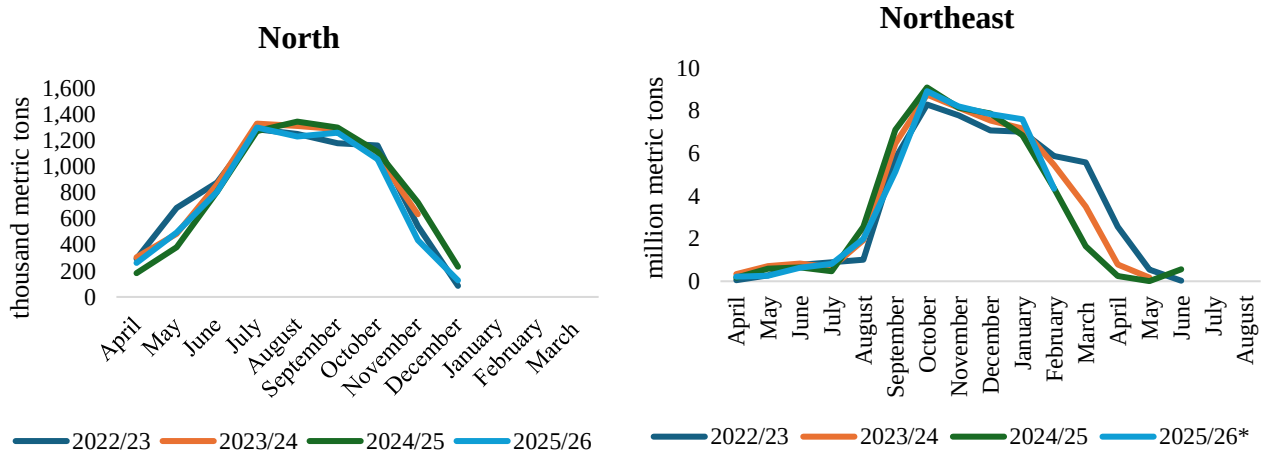


*Source: Ministry of Agriculture and Livestock (MAPA), Chart FAS Brasília. *Forecast. MY2025/26 as of March 16, 2026.*

Figure 2
Sugarcane Crushed in the Center-South (million metric tons)

*Source: Ministry of Agriculture, Chart FAS Brasilia *As of March 16, 2026*

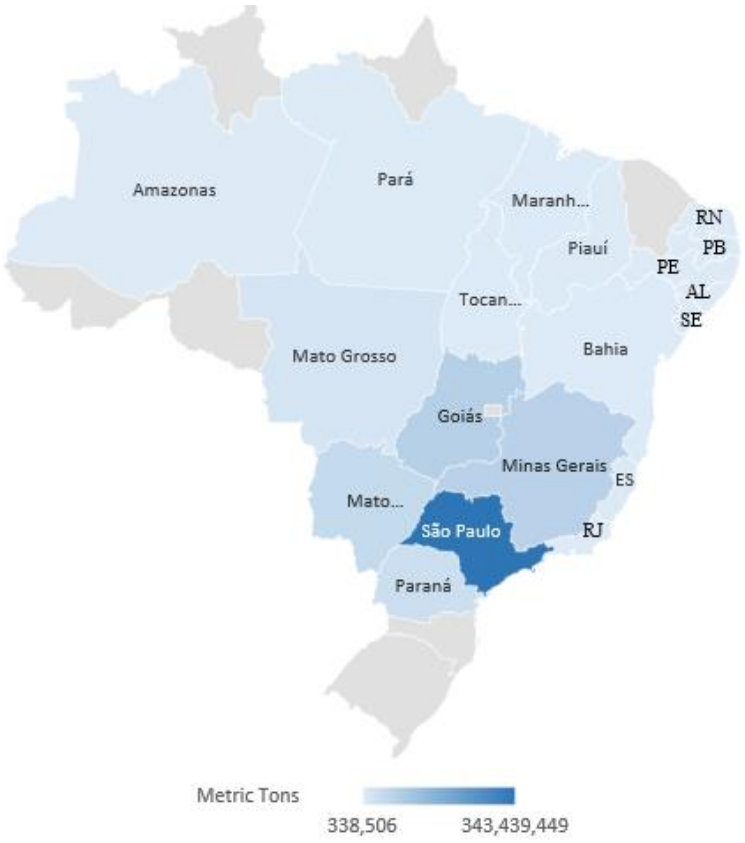
Figure 3
Sugarcane Crushed in the North-Northeast



*Source: Ministry of Agriculture; Chart FAS Brasilia *Refers to April to February*

According to the Ministry of Agriculture and Livestock (MAPA), Brazil produced 658 MMT of sugarcane on 8.9 million hectares in MY2025/26, with data until March 16, 2026. São Paulo was the largest producing state, accounting for 52 percent of production (343 MMT), followed by Goiás with 12 percent (77 MMT), and Minas Gerais with 11 percent (73 MMT). In the North-Northeast region, Alagoas was the largest producing state, accounting for 2.5 percent of national production (17 MMT), followed by Pernambuco with 2 percent (12 MMT).

Figure 4
Sugarcane Producing States in MY2025/26, in metric tons*



*Source: Ministry of Agriculture; Chart FAS Brasilia. * As of March 16, 2026*

Area Planted with Sugarcane

Post forecasts total area planted with sugarcane in MY2026/27 at 9.95 million hectares (mi/ha), slightly higher than the 9.85 mi/ha planted in the previous year. The increase in area is primarily due to sugarcane field renewal. However, renewal in this harvest will be limited, as producers report that renewal costs are high and sugarcane fields are relatively young due to more extensive renewals in previous harvests, such as in MY2021/22, when the sugarcane crop was damaged by drought.

Despite the trend in previous years of marginal migration from sugarcane to grain cultivation, experts report that profit margins from grain production have not been sufficient to expand this migration.

Post forecasts total sugarcane harvest area at 9.1 million hectares in MY2026/27.

Table 1
Area Harvested to Sugarcane (thousand hectares)

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27*
SP	4,588	4,491	4,266	4,279	4,413	4,425	4,440
CS	7,854	7,694	7,453	7,518	7,819	8,013	8,125
NNE	895	892	937	885	947	961	975
Brazil	8,749	8,587	8,391	8,402	8,766	8,975	9,100

*Source: National Supply Company (CONAB); Chart FAS Brasilia *Forecast. NOTE: Consider SP (São Paulo); CS (Center-South); NNE (North-Northeast).*

Agricultural and Industrial Yields

In MY2026/27, Post forecasts Brazil's average sugarcane agricultural yield at 77,300 kilograms per hectare (kg/ha), a slight increase compared to the previous crushing season (76,100 kg/ha). The average yield in the Center-South region is forecast at 78,300 kg/ha, while the average yield in the North-Northeast is projected at 61,900 kg/ha.

Agricultural yield refers to the amount of sugarcane harvested per unit of area. The difference between both regions is primarily due to the higher use of machinery and technological inputs in the Center-South. Other factors that influence agricultural productivity include planting methods, plant variety, irrigation, presence of diseases and pests, and climatic conditions. Harvest mechanization in the Northeast region is estimated at approximately 27 percent due to irregular terrain. In the Center-South, approximately 99 percent of sugarcane harvest is mechanized.

Table 2
Sugarcane Agricultural Yields (kilogram per hectare – kg/ha)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26*	2026/27**
SP	75,207	79,636	79,719	71,604	75,436	93,715	80,112	77,800	78,600
CS	74,323	78,107	78,048	71,416	74,643	88,192	79,107	77,500	78,300
NNE	54,021	59,381	58,006	61,541	65,765	64,833	61,665	61,800	61,900
Brazil	72,234	76,133	75,965	70,357	73,655	85,580	77,223	76,100	77,300

*Source: National Supply Company (CONAB); Chart FAS Brasilia *Estimate; as of April 13, CONAB has not updated the agricultural yields results for the MY2025/26. **Forecast. NOTE: Consider SP (São Paulo); CS (Center-South); NNE (North-Northeast).*

Brazil's average industrial yield in MY2026/27 is forecast at 138.2 kilograms of total recoverable sugar per metric ton (kg TRS/MT), assuming normal weather conditions throughout the crushing period. Industrial yield refers to the amount of sugar produced per unit of cane harvested.

Table 3

Sugarcane Industrial Yields (kilogram per total recoverable sugar/metric ton - kg TRS/MT)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26*	2026/27**
SP	138.41	138.41	146.85	143.8	140.49	137.94	139.1	139.4	139.5
CS	140.23	138.61	144.62	142.88	140.78	138.85	137.7	138.1	138.3
NNE	134.52	135.86	130.97	127.23	125.02	127.09	133.3	132	132
Brazil	139.82	138.38	143.53	141.42	139.18	137.9	137.4	138	138.2

*Source: National Supply Company (CONAB); Chart FAS Brasilia *Estimate; as of April 13, CONAB has not updated the industrial yields results for MY2025/26. **Forecast. NOTE: Consider SP (São Paulo); CS (Center-South); NNE (North-Northeast).*

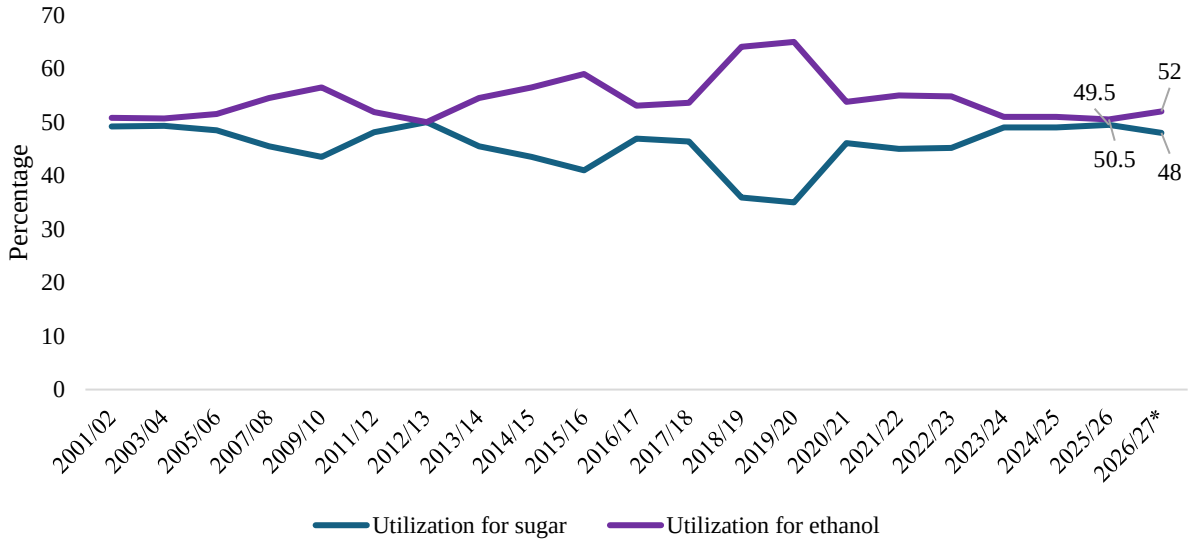
Sugar and Ethanol Production Mix

The MY2026/27 sugar/ethanol production mix is estimated at 48 percent sugar and 52 percent ethanol. Declining international sugar prices and more attractive ethanol prices, driven by increased domestic demand for both anhydrous and hydrous ethanol, have progressively shifted the production mix from sugar predominance toward ethanol.

Mills prioritized ethanol production as early as the final quarter of MY2025/26, and the harvest is expected to close at 49.5 percent sugar and 50.5 percent ethanol.

Figure 5

Sugarcane Breakdown – Sugar/Ethanol Production Mix



*Source: National Supply Company (CONAB) and Industry Sources; Chart Post Brasilia *Forecast*

Sugarcane Prices in the Domestic Market

For marketing year 2026/27, the Center for Advanced Studies in Applied Economics (Cepea) calculates and publishes prices for total recoverable sugar per kilogram (TRS), the standard used to compensate sugarcane suppliers. Cepea bases its TRS calculation on market prices it collects, the methodology established by the Council of Sugarcane, Sugar and Ethanol Producers of the State of São Paulo (Consecana-SP), and the weighted production and commercialization mix from the previous three harvests. Through March 2026, Cepea reported the average sugarcane price for São Paulo state at BRL 1.0816 per kilogram of TRS, equivalent to approximately BRL 149 per metric ton of sugarcane.

The Brazilian Sugarcane and Bioenergy Industry Association (Unica) and the Organization of Sugarcane Producers Associations of Brazil (Orplana) signed a Memorandum of Understanding on April 3, 2026, addressing Consecana-SP, the primary sugarcane pricing reference in São Paulo state. The agreement covers two main areas: implementing a technical and economic review of the pricing model based on studies conducted by the Fundação Getulio Vargas agribusiness center (FGV Agro) and modernizing Consecana-SP's governance structure. A formal signing ceremony is scheduled for April 15-16, 2026.

The agreement follows extended negotiations between industry and producers over pricing methodology. Established in 1999, the Consecana-SP model requires participation from both the sugar-energy industry (represented by Unica) and producers (through Orplana) to determine pricing based on product values and total recoverable sugar (ATR) conversion. Consecana's internal regulations call for updates every five years to revise technical and economic criteria for cane commercialization. The two organizations contracted FGV Agro in July 2024 to conduct a methodological review. Unica reported the study was delivered in January 2025, while Orplana indicated that additional details were clarified in April 2025. In November 2025, Unica signed a separate memorandum with three producer associations; Orplana subsequently expressed concerns about parallel decision-making processes.

The extended negotiations had operational implications. In 2023, producers noted that prices had not been updated for over five years, and some considered shifting to alternative crops. Throughout 2024 and 2025, the lack of agreement affected publication of monthly price circulars. Market analysts observed that this created uncertainty about contracts throughout the supply chain. The new memorandum establishes a framework for updating technical criteria and defining representation between industry and producers in sector decisions, though specific implementation details were not disclosed.

Table 4
Average Prices per Kilogram of TRS, in Brazilian Reais per Kilogram (BRL/kg)

Month	Average Price of TRS per Kilo	
	Month	Accumulate
Apr/2025	1.2294	1.2294
May/2025	1.1917	1.2057
Jun/2025	1.1177	1.1710
Jul/2025	1.0804	1.1441
Aug/2025	1.0727	1.1267
Sep/2025	1.0624	1.1128
Oct/2025	1.0500	1.1041
Nov/2025	1.0515	1.0985
Dec/2025	1.0587	1.0952
Jan/2026	1.0567	1.0929
Feb/2026	1.0228	1.0886
Mar/2026	1.0007	1.0816

Source: Center for Advanced Studies in Applied Economics (Cepea); Chart FAS Brasilia.

This report maintains prices in Brazilian Reais to avoid conversion losses. The table below presents the official exchange rate relative to the U.S. dollar.

Table 5
Exchange Rate (BRL/USD 1.2 – official rate, last day of period)

Month	2018	2019	2020	2021	2022	2023	2024	2025	2026
January	3.16	3.65	4.25	5.48	5.36	5.10	4.95	5.83	5.22
February	3.24	3.74	4.50	5.53	5.14	5.21	4.98	5.84	5.14
March	3.32	3.90	5.20	5.70	4.74	5.08	4.99	5.74	5.21
April	3.48	3.94	5.43	5.40	4.92	5.00	5.17	5.60	5.11*
May	3.74	3.94	5.43	5.23	4.73	5.09	5.24	5.70	
June	3.86	3.83	5.48	5.00	5.24	4.82	5.55	5.45	
July	3.75	3.76	5.20	5.12	5.19	4.74	5.66	5.6	
August	4.14	4.14	5.47	5.14	5.18	4.92	5.65	5.42	
September	4.00	4.16	5.64	5.44	5.41	5.00	5.44	5.34	
October	3.72	4.00	5.77	5.64	5.26	5.05	5.77	5.38	
November	3.86	4.22	5.33	5.62	5.29	4.93	6.05	5.33	
December	3.87	4.03	5.20	5.58	5.78	4.84	6.19	5.5	

*Source: Brazilian Central Bank; Chart FAS Brasilia. *As of April 13, 2026*

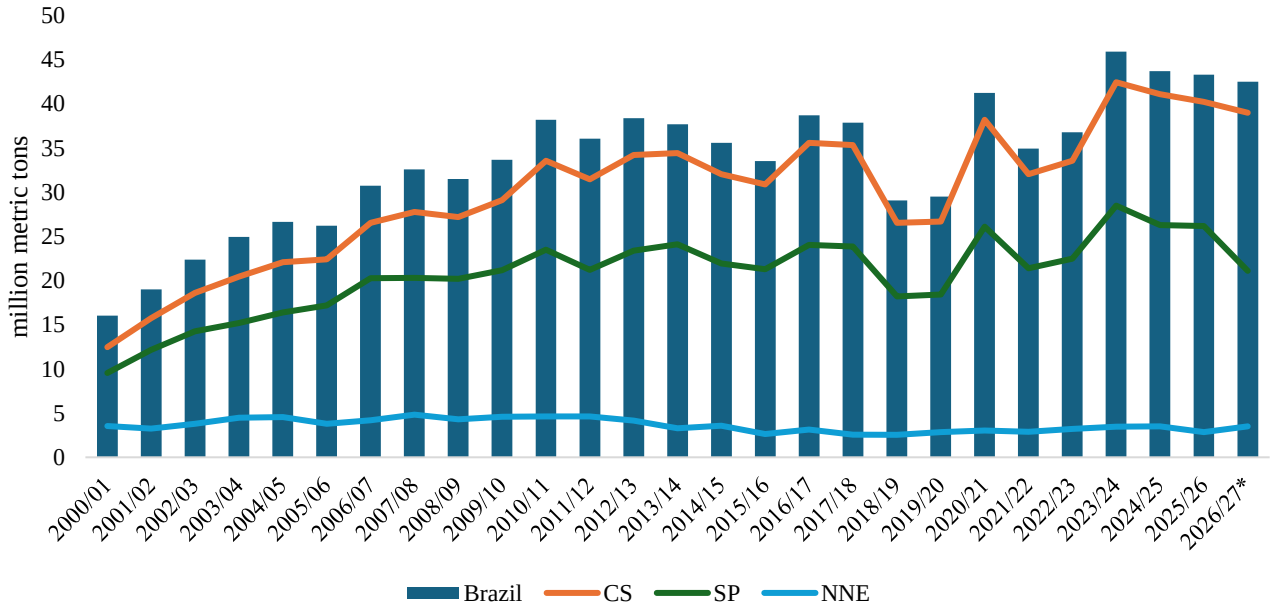
Cane Sugar Production

Sugar, Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Apr 2024		Apr 2025		Apr 2026	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	760	760	570	570	0	321
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	43700	43700	44386	43800	0	42500
Total Sugar Production (1000 MT)	43700	43700	44386	43800	0	42500
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	44460	44460	44956	44370	0	42821
Raw Exports (1000 MT)	30570	30570	31500	29940	0	29500
Refined Exp.(Raw Val) (1000 MT)	4320	4320	4200	4161	0	4100
Total Exports (1000 MT)	34890	34890	35700	34101	0	33600
Human Dom. Consumption (1000 MT)	9000	9000	9000	9948	0	9000
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	9000	9000	9000	9948	0	9000
Ending Stocks (1000 MT)	570	570	256	321	0	221
Total Distribution (1000 MT)	44460	44460	44956	44370	0	42821

Post forecasts total cane sugar production for MY2026/27 at 42.5 million metric tons (MMT), raw value, a reduction of three percent compared to MY2025/26 (43.8 MMT, raw value). The Center-South region is expected to produce 39 MMT, an approximately 3 percent reduction compared to the 40.6 MMT estimated for MY2025/26. The North-Northeast cane sugar production is forecast at 3.5 MMT, a slight increase compared to MY2025/26 (3.2 MMT).

Despite the forecast for higher sugarcane production compared to the previous year, the MY2026/27 harvest is expected to favor ethanol production, resulting in reduced sugar production, which is also expected to affect exports.

Figure 6
Brazilian Cane Sugar Production, in million metric tons, raw value



*Source: Ministry of Agriculture; Chart FAS Brasilia. *Forecast*

According to the Ministry of Agriculture and Livestock (MAPA), total sugar production in MY2025/26 was 43.3 MMT (raw value) from April 1, 2025, to March 16, 2026. The Center-South region produced 40.2 MMT of sugar, or approximately 93 percent of Brazil's total production. The North-Northeast produced 3 MMT. São Paulo was the largest sugar producer, accounting for 60 percent of the total (26.1 MMT).

Table 6
Brazilian Sugar Production per Type, in thousand tons

	VHP		Demerara		Cristallization 0 to 180		Others	
	2024/25	2025/26*	2024/25	2025/26*	2024/25	2025/26*	2024/25	2025/26*
SP	19,344	19,599	27.6	29.1	6,147	6,033	477	503.5
CS	28,932	29,203	30.6	29.1	9,744	9,617	1,313	1,370.0
NNE	1,722	1,182.0	133.9	115.7	872.8	794.8	994.1	982.2
Brazil	30,654	30,385	164.5	144.8	10,617	10,412	2,307	2,352.2

*Source: Ministry of Agriculture and Livestock (MAPA) * As of March 16, 2026. NOTE: Others include Amorphous Refined Sugar, Granulated Refined Sugar, High Test Molasses, Crystallization 181 to 300, and Organic.*

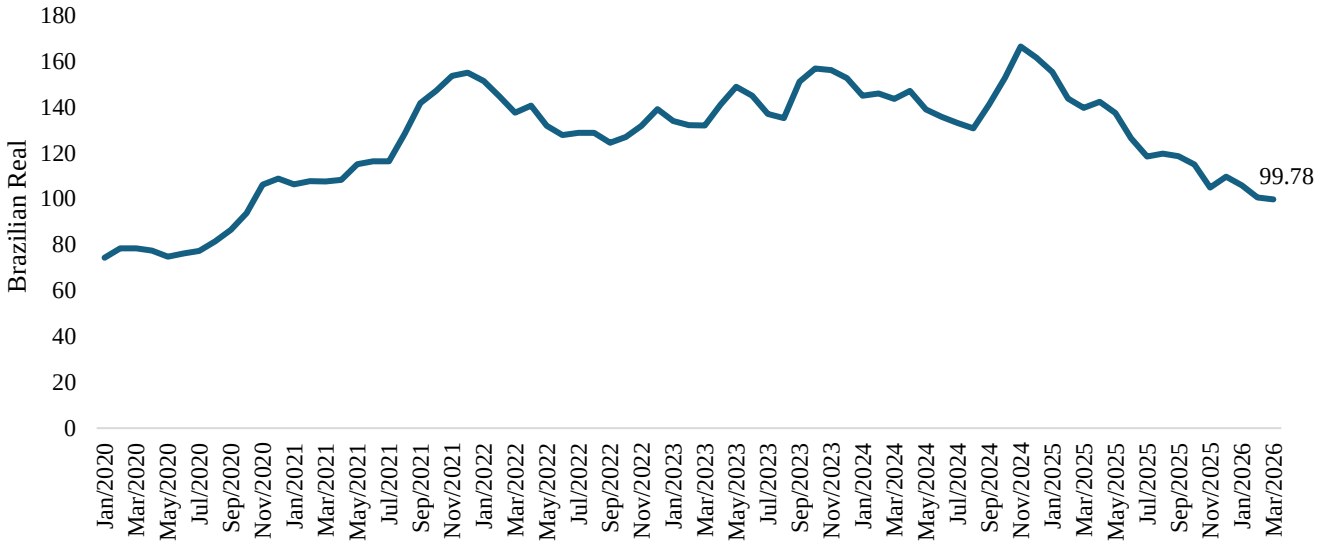
Sugar Prices in the Domestic Market

The Center for Advanced Studies in Applied Economics (Cepea) tracks crystal sugar prices received by producers in the domestic spot market. From April 2025 to March 2026, the Cepea Crystal Sugar Index,

São Paulo reference, averaged BRL 116.90 per 50-kilogram bag (kg/bag), a reduction of 19.5 percent compared to the same period of MY2024/25, which averaged BRL 145.28 per 50 kg/bag.

Figure 7

Monthly Average Crystal Sugar Price Index - São Paulo Reference, Brazilian Real (BRL), 50kg/bag, including tax

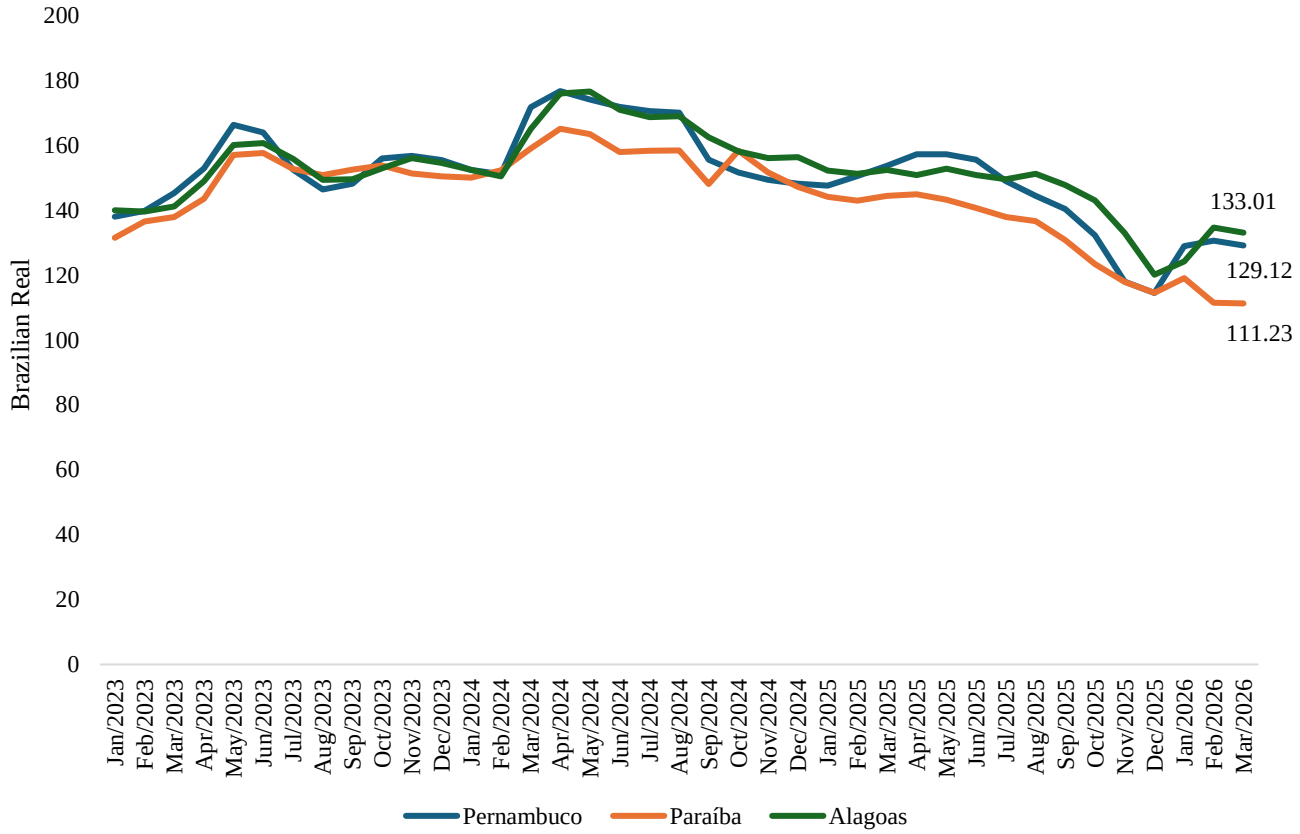


Source: Center for Advanced Studies in Applied Economics (Cepea); Chart FAS Brasilia. NOTE: The index refers to Icumsa from 130 to 180

Contrary to expectations of elevated prices due to global scarcity, Brazil's sugar prices declined throughout 2025. Despite low prices, sugar availability remained limited, particularly for higher-quality sugar, which was partially directed toward exports. Domestic prices in April 2025 registered an average of BRL 142.34 per 50-kilogram bag at the start of MY2025/26 crushing period but progressively declined to BRL 99.78 per 50-kilogram bag in March 2026, the lowest nominal value since October 2020.

Throughout MY2025/26 in the North-Northeast, sugar availability was constrained as mills concentrated on producing high polarization (VHP) sugar. Beginning in October, North-Northeast prices weakened further amid low spot market liquidity. Mills generally maintained limited supply while buyers adopted a cautious stance. Traded volume increased in December 2025. According to Cepea, in March 2026, the market experienced low liquidity and limited supply, characteristic of the off-season. Throughout the month, trading remained sporadic with reduced volumes, and available sugar was concentrated among a few mills since others had depleted their stocks. Prices declined slightly, driven down by weak demand.

Figure 8
Monthly Average Crystal Sugar Price Index – Pernambuco, Paraíba and Alagoas Reference, Brazilian Real (BRL), 50kg/bag, including tax



Source: Center for Advanced Studies in Applied Economics (Cepea); Chart FAS Brasilia. NOTE: The index refers to Icumsa from 130 to 180

Sugar Prices in the International Market

International sugar prices for MY2025/26 (October-September) are trending downward. In the first quarter of 2026, prices frequently traded near or below 15-16 cents per pound, representing a substantial decrease from 2023 peaks. According to specialists, international sugar prices fell throughout 2025 as the global balance transitioned from deficit to surplus while funds built a large net short position in the market. Many mills fixed future contracts well in advance in 2024, when prices and exchange rates were more attractive. The downward pressure is primarily driven by sharp production rebounds from major exporters, including India, Thailand, and Brazil.

The world raw sugar price is represented by the nearby futures contract listed by the Intercontinental Exchange (ICE), commonly referred to as the Number 11 contract (Sugar #11). The world refined sugar price is measured by nearby futures contract settlement prices on ICE, often referred to as the Number 5 contract (Sugar #5). Refined prices exceed raw sugar prices, reflecting the costs of refining and storing sugar to higher polarity for human consumption.

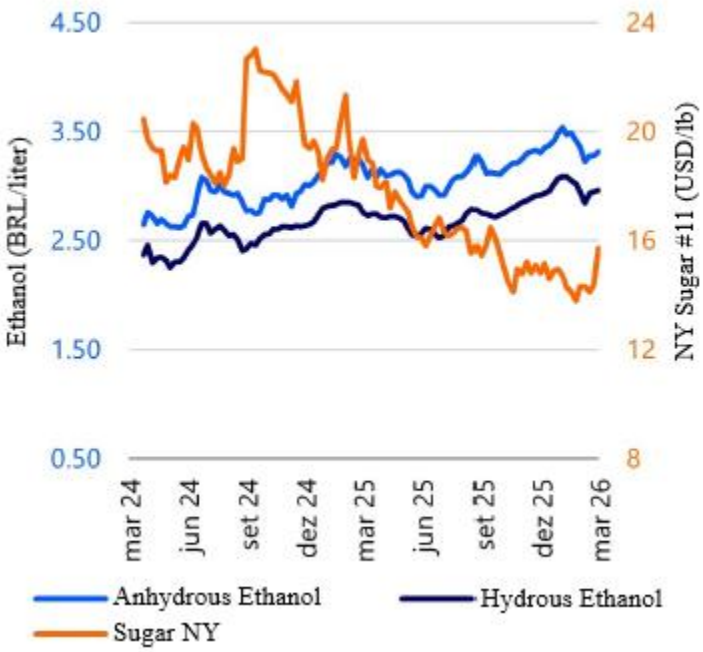
Raw sugar futures trading in ICE Number 11 contracts for May 2026 were priced at 13.7 cents per pound on April 13, 2026.

Figure 9
Sugar #11 Prices, USD c/lb, for May 2026 Contracts

Data and Chart Sources: Intercontinental Exchange (ICE); as of April 13, 2026.

According to specialists, international sugar prices began declining in June 2025 due to recovering global production. The Brazilian real's depreciation against the dollar, which also intensified during this period, further affected returns. Sugar prices converted to Brazilian reais compensated only 11 percent more than hydrous ethanol sales prices. By the first quarter of 2026, hydrous ethanol compensated producers on average 20 percent more than sugar.

Figure 10
Sugar and Ethanol Prices – March 2024 to March 2026



Data and Chart Source: Rabobank and Bloomberg

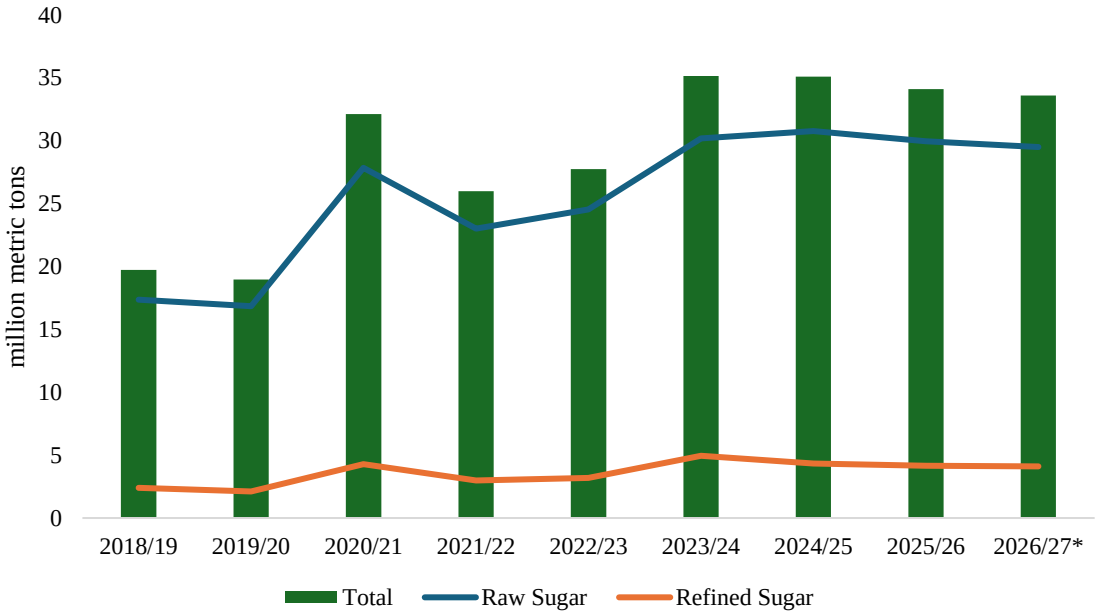
Industry specialists emphasize the direct link between domestic gasoline prices and sugar market dynamics. Higher consumer gasoline prices strengthen ethanol sales prices, improving ethanol's profitability relative to sugar and shifting the production mix accordingly. Additional increases in the mandatory anhydrous ethanol blend mandate, designed to reduce gasoline import dependence, would further support ethanol prices by constraining hydrous ethanol supply in the domestic market.

On April 8, 2026, the Minister of Mines and Energy announced that the government has initiated studies to increase the ethanol blend in gasoline from the current 30 percent to 32 percent during the first half of 2026. This increase could trigger further production adjustments and intensify the shift toward ethanol production, thereby reducing sugar output.

Trade

Post forecasts Brazilian sugar exports for MY2026/27 at 33.6 MMT (raw value). Post estimates reduced exports in MY2026/27 due to lower sugar availability resulting from the production mix shift toward ethanol. Brazil is projected to export approximately 29.5 MMT of raw sugar and 4.1 MMT of refined sugar.

Figure 11
Brazilian Sugar Exports – Raw and Refined Sugar, in million metric tons tel quel



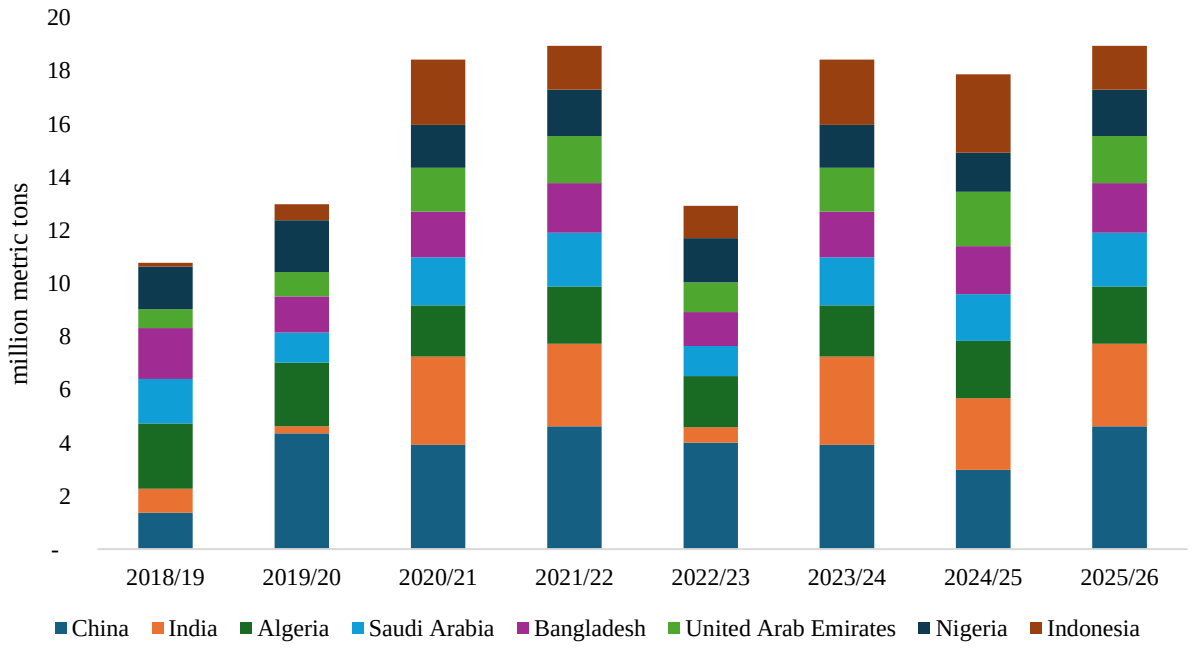
*Source: Trade Data Monitor; Chart Post Brasília. *Forecast*

From April 1st, 2025, to March 31st, 2026, Brazil exported 34.1 MMT of sugar, a three percent reduction from MY2024/25 (35 MMT). China remained the primary destination for Brazilian sugar at 4.6 MMT (13 percent of total exports), followed by India at 3.1 MMT (9 percent) and Algeria at 2.1 MMT (6 percent). Total export revenue for MY2025/26 reached USD 13.5 billion, a 19 percent decrease from the previous marketing year (USD 16.6 billion).

Brazil is the world's largest sugar exporter, accounting for 59 percent of global sugar exports in calendar year 2025. Thailand ranks second with 10 percent, followed by India with seven percent. China became Brazil's largest sugar buyer in 2021, replacing Algeria and Bangladesh, which had previously alternated as the top destinations for Brazilian sugar.

According to public data, five sugar traders controlled 58.9 percent of bulk sugar exports in calendar year 2025. Wilmar led with 16 percent market share, followed by Alvean (13.7 percent), Sucden (12.2 percent), Raizen (10 percent), and Louis Dreyfus (7 percent).

Figure 12
Brazilian Sugar Exports Main Destinations, MY2018/19 to MY2025/26, in million metric tons tel quel



Consumption and Stocks

Post forecasts sugar consumption for MY2026/27 at 9 MMT, and sugar ending stocks at 221,000 tons (raw value). There is no official source for carry-over stocks in Brazil or for domestic sugar consumption. It is observed that fluctuations in sugar prices do not significantly affect domestic consumption.

Trade Policy

Tariff-Rate Quotas (TRQs)

For the United States, sugar imports are governed by tariff-rate quotas (TRQ), which allow a certain quantity of sugar to enter the country at a low tariff. TRQs apply to imported raw cane sugar, refined sugar, and sugar-containing products. The sugar import program meets the U.S. commitments under the Uruguay Round Agreement on Agriculture, which resulted in the creation of the World Trade

Organization (WTO). About 40 countries worldwide receive TRQ allocations based on historical trade to the United States. The top three quota-holding countries are the Dominican Republic, Brazil, and the Philippines.

USDA establishes the annual quota volumes for each federal fiscal year (FY October 1 – September 30), and the U.S. Trade Representative (USTR) allocates the TRQs among countries. Sugar and related products paying a higher, over-quota tariff may enter the country in unlimited quantities. All imports, whether within or over a U.S. TRQ are subject to tariffs imposed by relevant executive orders issued pursuant to the President´s authority.

USDA announced on June 17, 2025 the establishment of the FY 2026 (October 1, 2025 – September 30, 2026) TRQ for raw sugar at the WTO minimum amount of 1,117,195 metric tons raw value (MTRV). USTR allocated the TRQ on August 15, 2025. Brazil, the second-largest recipient of the U.S. sugar tariff-rate quota, received an allocation of 155,993 MTRV, which is equivalent to approximately 14 percent of the total TRQ. Brazil has consistently met its sugar TRQ allocation over the past several years.

Table 7
U.S. Tariff-Rate Quota for Brazilian Raw Sugar (metric tons raw value)

Fiscal Year	Original TRQ Allocation	Additional TRQ Allocation	Total
2013	155,634	n/a	155,634
2014	152,691	15,251	167,942
2015	152,691	37,978	190,669
2016	152,691	33,865	186,556
2017	152,691	30,000	182,691
2018	152,691	n/a	152,691
2019	152,691	22,464	175,155
2020	152,691	158,203	310,894
2021	152,691	34,577	187,268
2022	152,691	53,502	206,193
2023	155,993	76,580	232,573
2024	155,993	79,755	235,748
2025	155,993	n/a	155,993
2026	155,993	n/a	155,994

Source: USTR; Chart FAS Brasilia – As of March 26, 2026.

On July 17, USDA announced the establishment of the in-quota quantity of the FY 2026 refined sugar TRQ at 22,000 metric tons raw value (MTRV). This quantity includes the minimum amount to which the United States is committed under the WTO Uruguay Round Agreement. Of the 22,000 MTRV, 20,344 MTRV is established for any sugars, syrups, and molasses, and 1,656 MTRV is reserved for specialty sugar.

USTR is allocating the refined sugar TRQ as follows: 10,300 MTRV to Canada, 2,954 MTRV to Mexico, and 7,090 MTRV to be administered on a first-come, first-served basis. Additionally, USTR is allocating the 1,656 MTRV of specialty sugar to be administered on a first-come, first-served basis. This year, USDA elected not to add any additional specialty sugar to the refined sugar TRQ.

In FY 2025, USDA added 210,000 MTRV of specialty sugar to the FY 2025 refined sugar TRQ, of which Brazil accounted for nearly 50 percent of imports. With respect to the in-quota quantity of 64,709 metric tons (MT) of the TRQ for imports of certain sugar-containing products maintained under Additional U.S. Note 8 to chapter 17 of the HTSUS, USTR is allocating 59,250 MT to Canada. The remainder, 5,459 MT of the in-quota quantity, is available for other countries on a first-come, first-served basis.

European Union-Mercosur Agreement

On January 17, 2026, after decades of negotiations, the European Union (EU) and Mercosur blocs signed the EU-Mercosur agreement, which includes phased tariff reductions and safeguards for sensitive agricultural sectors. Approximately 90 percent of agricultural tariffs are scheduled for liberalization over time, with full duty-free access largely limited to non-sensitive products. For sensitive commodities, the agreement provides market access primarily through tariff-rate quotas (TRQs) that maintain volume ceilings while reducing in-quota duties.

For sugar, the agreement grants Mercosur exporters duty-free access for 180,000 metric tons of raw cane sugar (Very High Polarity – VHP) for refining, with immediate implementation upon entry into force. Paraguay received a new duty-free quota of 10,000 metric tons, although Brazil did not receive new Brazil-specific quotas.

Similar to U.S. sugar TRQs, the EU-Mercosur sugar quotas to be assigned to Brazil will be fully allocated to North-Northeastern sugar producers, as provided for in Law 9.362/1996. The Brazilian Ministry of Development, Industry, Trade, and Services (MDIC) has indicated that quota administration will require specific implementing legislation, and the distribution of quotas among producers will likely reflect current market shares.

In marketing year (MY) 2025/26, Brazil exported 619,787 metric tons of sugar to the 27 EU member countries. In MY 2024/25, total exports amounted to 431,067 metric tons. According to NovaBio and Sindiaçúcar, associations representing North/Northeastern producers, part of the sugar exported by the region to the EU falls under tariff-rate quotas with duties reaching up to 98 euros per ton.

Despite the EU Parliament's decision to refer the agreement to the European Court of Justice (ECJ) to assess compliance with EU treaties, thus further delaying full implementation, the provisional trade agreement between Mercosur and the EU will enter into force on May 1, 2026, following ratification by Mercosur member countries.

For more information on the EU-Mercosur agreement, please refer to EU-Mercosur Trade Agreement – The Brazilian Perspective and Agricultural Impacts.

Research and Development in Sugarcane Production

Cultivation Techniques

In response to climatic challenges and pressure for greater efficiency and lower production costs, some Northeast sugarcane producers are prioritizing soil management strategies to increase productivity and extend sugarcane field longevity. New cultivation methods, including agrominerals and remineralizers, are gaining adoption by improving fertility, biological balance, and crop resilience.

Agrominerals and remineralizers are natural mineral inputs that gradually replenish soil minerals and nutrients, promoting chemical, physical, and biological balance. Unlike fertilizers, which provide immediate plant nutrition, these inputs build long-term soil fertility with lasting effects between harvests. Primary agrominerals and remineralizers used in sugarcane cultivation include silicate rocks, phonolites, and potassic rocks, which supply nutrients such as silicon, potassium, calcium, and magnesium.

Beyond agrominerals and remineralizers, Northeast sugarcane producers are testing vertical planting techniques as an alternative to conventional systems. Conventional planting involves intensive soil preparation through plowing and harrowing, followed by opening furrows 20-30 cm deep where seedlings are placed manually or mechanically at 1.40-1.50 m spacing. This method requires approximately 10-15 tons of seedlings per hectare.

Vertical sugarcane planting inserts seedlings upright into the soil through slits reaching up to 80 cm in depth. This method promotes greater root development and plant tillering while eliminating the need for plowing and harrowing. Northeast sugarcane mills report that vertical planting increases productivity and offers a viable alternative in regions with severe water limitations.

Vertical planting uses an average of 6-7 tons of seedlings per hectare. Northeast mills employing vertical planting report substantially reduced failures in sugarcane field establishment and lower labor costs. However, vertical planting can complicate weed control and requires moist soil to reduce plant water stress, which can be achieved through irrigation.

Brazilian sugarcane mills also employ fertigation, which applies fertilizers, primarily vinasse, a byproduct of ethanol production that is rich in potassium, with irrigation water. According to mills, this technique increases sugarcane productivity by improving soil nutrition while reducing chemical fertilizer costs. The most common fertigation methods include sprinkler irrigation with hose reel or center pivot systems and subsurface drip irrigation.

Varietal Development

Sugarcane producers adopt improved varieties to increase productivity, enhance water stress resilience, and improve pest resistance. Leading institutions in varietal development include the Sugarcane Technology Center (CTC), the Agronomic Institute of Campinas (IAC), and the Interuniversity Network for the Development of the Sugar-Energy Sector (Ridesa). Companies such as Nuseed, Monsanto, Syngenta, and Copersucar also develop improved sugarcane varieties, though on a smaller scale.

According to the Ministry of Agriculture's National Service for Cultivar Protection (SNPC), 214 sugarcane cultivars are currently registered in Brazil.

Table 8
Protected Sugarcane Cultivars Registered – As of March, 2026

Institute	Cultivars
CTC	43
IAC	39
Ridesa	76
Monsanto	22
Copersucar	13
Nuseed	12
Others	9
Total	**214**

Source: Secretariat of Agricultural Defense, Ministry of Agriculture

Agronomic Institute of Campinas (IAC)

The Agronomic Institute of Campinas (IAC), through its IAC Sugarcane Program, develops technologies and varieties to increase cultivar productivity in sugarcane fields. Established in 1994, the program's accomplishments include developing varietal management models and characterizing production environments through soil surveys. IAC has also developed pest and disease management technologies and analytical methods for disease diagnosis. The program develops cultivars and transfers irrigated sugarcane production strategies to the sector while conducting research in nutrition, conventional fertilization, and residue utilization. The program operates through partnerships with the private sector and state and federal funding agencies. In 2024, IAC operated in 11 Brazilian states with 200 partner companies.

IAC has produced the Center-South Sugarcane Varietal Census for ten years. Under IAC Sugarcane Program coordination, the study consolidated information from 321 companies, mills, distilleries, suppliers, associations, and large producers, covering 7.5 million hectares across nine Center-South states—representing 90 percent of Brazil's total cultivated sugarcane area. This consolidated data constitutes the most comprehensive profile of Brazil's sugarcane genetic base. According to the 2025/26 varietal census, the most widely used genetic varieties in Center-South sugarcane fields belong to CTC and Ridesa's RB Network. Combined, the leading varieties from these two institutions account for approximately 43 percent of the total research area.

IAC varieties have increased their share of cultivated area in Center-South renewal areas, rising from 5 percent in the 2018/19 harvest to 12 percent in the 2025/26 harvest.

Sugarcane Technology Center (CTC)

The Sugarcane Technology Center was created in 1969 and pursues genetic improvement of sugarcane through conventional techniques, biotechnology, or innovations in planting methods with the objective of increasing productivity, protecting against diseases and pests, and adapting to different regions of the country. CTC maintains a sugarcane germplasm bank with more than four thousand varieties and operates laboratories in Piracicaba (São Paulo) and Saint Louis (Missouri/USA).

CTC monitors planting data from approximately 170 mills in the Center-South sugarcane region. According to results released by the company, CTC varieties' planting market share reached 31 percent of the share calculated on the current base of contracted clients, and 80 percent of planting was done with more recent varieties. Additionally, CTC plans to commercially launch four new varieties in the 2026/27 harvest.

CTC is also developing synthetic sugarcane seeds as an alternative to the current planting method of sugarcane cuttings. According to CTC, synthetic seeds would improve productivity by allowing faster variety changes. One of CTC's objectives is to double sugarcane yields from the current average of 75 metric tons per hectare (MT/ha) to 150 MT/ha by 2040.

Interuniversity Network for the Development of the Sugar-Energy Sector (Ridesa)

In 2025, the federal universities comprising Ridesa celebrated 55 years of developing RB sugarcane varieties and 35 years of network operations. (RB identifies varieties originating from Ridesa and stands for República do Brasil—Republic of Brazil.) The genetic improvement program began in 1990 with the formation of a university network comprising ten institutions in Mato Grosso, Goiás, São Carlos, Paraná, Rio de Janeiro, Viçosa, Sergipe, Alagoas, Pernambuco, and Piauí. At that time, Ridesa varieties occupied 5 percent of Brazil's sugarcane area; by 2024, they occupied 56 percent.

Ridesa currently maintains 134 RB sugarcane varieties. Research activities are developed and shared among all network universities, which maintain autonomy to develop RB varieties. In the 2024/25 harvest, RB varieties covered 7.3 million hectares across 11 states.

Ridesa estimates that genetic improvement contributes 50 percent of sugarcane productivity gains through continuous replacement of varieties with more productive ones. Beyond conventional breeding, Ridesa conducts research in sugarcane biotechnology, including plant tissue culture, genetic transformation, molecular biology, molecular marker technology, and transgenic plant development.

Climate Updates

The Center-South region, which accounts for more than 90 percent of national sugarcane production, faced adverse climatic conditions during MY2024/25. The severe water deficit significantly affected sugarcane productivity.

Fires devastated between 180,000 and 450,000 hectares of sugarcane fields from August to September 2024, with consequences extending into the MY2025/26 harvest. Cane quality declined as a result, with reduced total recoverable sugar (TRS) concentration and diminished regrowth capacity in affected areas.

Compounding these challenges, sugarcane wilt syndrome (a complex of fungal diseases) affected approximately 30 percent of sugarcane fields, causing productivity losses of approximately 45 percent, according to Cepea.

Throughout 2025, milder and more balanced climatological conditions compared to previous years enabled sugarcane field recovery, which should benefit the MY2026/27 harvest with improved yields. Rainfall during January through March is crucial for estimating harvest volume. Average accumulated rainfall in the region during these three months reached 613.8 millimeters (mm), making it one of the rainiest first quarters in the last three years. The climatological normal for this period is 611.9 mm. This rainfall volume is a key factor supporting the forecast of a strong sugarcane harvest for MY2026/27.

March marks the end of the inductive period for sugarcane flowering in the Center-South, which begins in February. This process benefits from intense rainfall, low solar radiation, and low thermal amplitude. Most Center-South areas presented favorable conditions for flowering in this harvest.

March concluded the rainy pattern in Center-South sugarcane fields with precipitation above climatological norms. The monthly average accumulation was 183.3 millimeters, 12.9 percent higher than the historical average of 166.8 millimeters. Rain was well distributed across most states in the region, and soil moisture remained at high levels, ending the month at 95.6 percent average soil moisture. By comparison, Center-South soil moisture in March 2025 was 83.8 percent, and in March 2024 it was 85.4 percent. The standard moisture level for March is 100 percent.

The April forecast indicates above-average rainfall during the first fifteen days in São Paulo, Paraná, southern Mato Grosso do Sul, and Minas Gerais. In subsequent weeks, precipitation is forecast to remain within climatological norms in sugarcane regions.

With the influence of the Intertropical Convergence Zone (ITCZ), rainfall in the Northeast intensified between March and April 2026. The precipitation restored soil moisture in the Northeast, which reached an average of 96.1 percent by the end of March. During the same period in 2025, average soil moisture stood at 87.9 percent, and in 2024, at 82.1 percent. For April, forecasts indicate rainfall near the climatological normal, with a trend toward intensification during the final 10 days of the month.

According to specialized agencies, the probability of El Niño development between May and July increased from 45 percent to 61 percent. El Niño has mixed effects on sugarcane in Brazil. In the Center-South region, heavy rainfall during winter and spring can interfere with harvesting, lower sucrose concentration, and promote disease. However, during certain phases, it improves soil moisture levels and increases sugarcane development. In the North and Northeast, El Niño causes drought conditions that damage crop development.

Attachments:

No Attachments