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Report Highlights:

Sugar production in El Salvador is forecast to reach 719,000 metric tons (MT) in marketing year (MY) 2026/27, with MY 2025/26 estimates revised down to 705,000 MT. This growth is largely driven by ongoing investments in irrigation infrastructure, the modernization of refining equipment, and the adoption of improved sugarcane seed varieties. Sugar exports are projected to rise by 2 percent in MY 2026/27, driven by heightened demand from China and Taiwan. Favorable international prices have also helped mitigate some of the financial pressure from high input costs in sugar production. In response to persistent inflation concerns, the Government of El Salvador has extended the zero percent import duty on sugar until March 2034.

PRODUCTION

Sugar production in El Salvador is projected to rise by 2 percent, increasing from 705,000 metric tons (MT) in marketing year (MY) 2025/26 to 719,000 MT in MY 2026/27. This growth is largely attributed to ongoing investments in irrigation infrastructure, modernized refining equipment, and the adoption of improved seed varieties. Meanwhile estimates for MY 2025/26 have been revised to 705,000 MT, reflecting a 2.6 percent increase compared to the previous year.

According to data compiled by FAS/El Salvador, the sugarcane harvest for marketing year MY 2026/27 is projected to reach 6.3 million metric tons (MMT), representing a 2 percent increase over the previous year. This growth is attributed to favorable weather conditions, including timely and well-distributed rainfall, moderate temperatures, and improved soil moisture, all of which have created optimal growing conditions for sugarcane across key production zones.

Planted area is anticipated to remain stable at 79,000 hectares, as the number of producers in the sector continues to level off. Looking ahead, expansion is possible if rural security continues to improve, sugar prices trend upward, and the long-anticipated ethanol production law is enacted. Notably, El Salvador has an estimated 300,000 hectares of idle land that could be redirected toward sugarcane cultivation. However, the Government of El Salvador (GOES) continues to prioritize national agricultural recovery efforts focused on boosting the production of staple grains, vegetables, fruits, dairy, and meat, in response to food price inflation and food security concerns.

Grower prices remain based on the sugar content of the harvested cane. According to CONSAA, producers receive between 54.5 and 56.0 percent of total sugar sales revenue, while the remaining 44 percent is allocated to mills. Sugar mills then distribute payments among growers in proportion to the volume of cane delivered. Continued investment in mill operations has helped reduce downtime and improved sugar recovery rates, enhancing El Salvador’s competitiveness in the regional market.

Key Areas of Focus to Boost Sugar Industry Profitability

- Increased extraction rates
- Investment in irrigation systems
- Diversification into energy generation
- Improved sugarcane varieties
- Research and technology exchange with other sugar producing countries
- Introduction of pest and disease-resistant sugarcane varieties
- Rum production
- Coordination with law enforcement to diminish the impact of sugarcane burning

CONSUMPTION

Sugar consumption in El Salvador is projected to increase modestly by 1.1 percent, rising from 283,000 MT in MY 2025/26 to 286,000 MT in MY 2026/27. This gradual uptick is largely attributed to a rebound in the country's economic activity, which is slowly boosting demand across the foodservice, beverage, and confectionery sectors. As economic conditions stabilize, sugar consumption is expected to continue a slow but steady upward trend.

While alternative sweeteners such as stevia, monk fruit, and sucralose are widely available in supermarkets and health-focused retail outlets, traditional refined sugar remains the preferred choice among Salvadoran consumers. This continued preference is driven by its lower price point, widespread availability, and established cultural and culinary norms that favor sugar's taste and versatility in both homemade and commercially prepared foods.

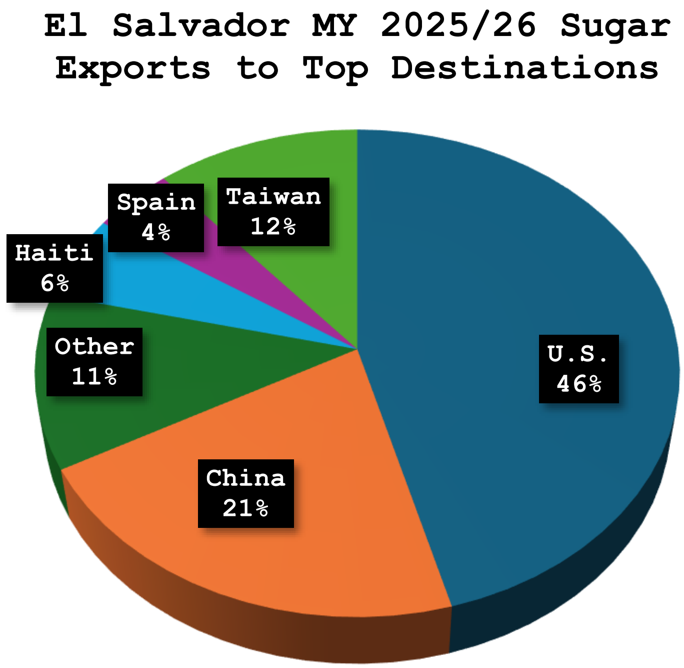
TRADE

Total sugar exports from El Salvador are projected to increase by 2.1 percent, rising from 430,000 MT in MY 2025/26 to 439,000 MT in MY 2026/27. This growth is largely driven by anticipated rise in exports due to favorable weather conditions. A major factor is the increased demand for Salvadoran sugar from China, following the successful conclusion of free trade negotiations between the two nations. With favorable trade terms now in place, El Salvador is poised to meet China's growing appetite for high-quality raw sugar, which will significantly boost export volumes. This expanded trade relationship with China is expected to be a key driver of Salvadoran sugar export growth in the years ahead.

GOES applies a 40 percent ad-valorem import tariff on all sugar imports. The bound rate is set at 70 percent, as sugar is considered politically sensitive due to its significant role in rural income and employment. While CAFTA-DR encourages regional tariff harmonization to prevent market disruptions, the Central American region has yet to establish a unified import tariff for sugar. Although El Salvador maintains a Customs Union with Guatemala and Honduras, sugar is not among the products benefiting from duty-free trade. However, due to inflationary pressures, GOES has temporarily extended a zero percent import duty on sugar for 10 years, effective since July 2024.

The United States, China, Taiwan, and Haiti remain the primary destinations for Salvadoran sugar exports. Additional key markets for MY 2025/26 include Spain, South Korea and Peru. See figure 1 and table 1 for El Salvador's top destinations for sugar exports below.

Figure 1



Source: Trade Data Monitoring

Table 1

Export Trade Matrix for El Salvador Centrifugal Sugar (Metric Tons)	MY	MY
Exports for:	**2025**	**2026**
U.S.	191,411	196,480
China	90,000	92,000
Taiwan	48,492	49,800
Haiti	23,471	24,100
Spain	18,708	19,200
South Korea	10,933	11,200
Peru	7,818	8,025
Italy	3,891	4,000
Mexico	3,530	3,625
Canada	3,352	3,440
Bulgaria	3,214	3,300
Chile	3,153	3,240
Greece	1,821	1,870
Total for others	218,383	223,800
Others not listed	9,015	9,620
Grand Total	**418,809**	**429,900**

Source: Trade Data Monitoring

The decision by GOES to sever diplomatic relations with Taiwan and establish ties with China had significant ramifications for the sugar sector, introducing uncertainty. Prior to this shift, El Salvador enjoyed a free trade agreement (FTA) with Taiwan, which provided favorable terms for Salvadoran sugar exports. However, in December 2018, GOES formally notified Taiwan of its intent to withdraw from the agreement. As a result, a considerable portion of the sugar that was previously exported to Taiwan was redirected to other markets, with China emerging as a key destination. But in MY 2025/26, Taiwan has returned as a buyer of Salvadoran sugar with 48,492 MT of total exports.

El Salvador continues to benefit from its World Trade Organization (WTO) quota, which provides Salvadoran sugar with duty-free access to the United States market. For the period spanning October 1, 2025, to September 30, 2026, El Salvador has been allocated a quota of 27,971 MT of sugar under this arrangement, ensuring continued access to one of its most important export markets. This quota plays a vital role in maintaining stability for Salvadoran sugar producers amidst shifting international trade dynamics.

STOCKS

Ending stocks are projected to decline from 59,000 MT in MY 2025/26 to 53,000 MT in MY 2026/27. This decrease is primarily driven by an expected rise in sugar demand from various markets, particularly China and Taiwan. The recent successful free trade agreement with China has opened significant opportunities for Salvadoran sugar exports, tapping into China's growing demand for high-quality raw sugar. As a result, more sugar will be directed to meet this rising export demand, leading to a reduction in El Salvador's sugar stocks for MY 2026/27. These ending stocks are held by Salvadoran processors.

Contraband sugar from neighboring countries is negligible and causes no disruption to the local market. The national sugar law states that all sugar sold locally must carry a safety seal provided by CONSAA.

POLICY

GOES continues to mandate that all sugar sold domestically be fortified with vitamin A, with the costs shared between producers and millers. Although GOES does not have a specific support or assistance program for the sugar sector, it primarily provides support by limiting market access through import tariff protection.

The sugar industry is regulated under the national sugar law, with CONSAA serving as the oversight body. The CONSAA board of directors includes representatives from the government, sugar producers, and sugar mills.

A proposed law aimed at producing alternative fuels, including ethanol, has remained stalled since its drafting in 2009. While discussions between the sugar industry and the GOES have considered a 10 percent ethanol blend in gasoline, the current administration has not yet enacted this law, citing the need for further analysis of its environmental and consumer impact. However, the current super-majority in the National Assembly and high oil prices present an opportunity for the law to be discussed among interested parties and possibly passed.

In response to rising inflationary pressures on basic goods, in July 2024 the GOES extended a temporary law that aimed at reducing import duties on several essential products, including sugar, to zero percent. This measure will remain in effect until March 2034. To date, no sugar imports have been made due to this reduction in import duties, and CONSAA does not anticipate any imports in the near future. Industry representatives note that the high costs of transportation, logistics, and the requirement for vitamin A fortification pose significant barriers to sugar imports, even from neighboring Central American countries. FAS/San Salvador will continue to monitor these developments to detect any changes in sugar import trends.

Production, Supply and Distribution

Sugar Cane for Centrifugal	2024/2025		2025/2026		2026/2027	
Market Begin Year	Oct 2024		Oct 2025		Oct 2026	
El Salvador	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	79	79	79	79	0	79
Area Harvested	78	78	78	78	0	78
Production	6757	6027	6757	6178	0	6300
Total Supply	6757	6027	6757	6178	0	6300
Utilization for Sugar	6757	6027	6757	6178	0	6300
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	6757	6027	6757	6178	0	6300
(1000 HA), (1000 MT)						

Sugar, Centrifugal	2024/2025		2025/2026		2026/2027	
Market Begin Year	Oct 2024		Oct 2025		Oct 2026	
El Salvador	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	79	79	78	67	0	59
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	706	687	740	705	0	719
Total Sugar Production	706	687	740	705	0	719
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	785	766	818	772	0	778
Raw Exports	329	329	400	338	0	345
Refined Exp. (Raw Val)	89	90	90	92	0	94
Total Exports	418	419	490	430	0	439
Human Dom. Consumption	289	280	298	283	0	286
Other Disappearance	0	0	0	0	0	0
Total Use	289	280	298	283	0	282
Ending Stocks	78	67	30	59	0	53
Total Distribution	785	766	818	772	0	778
(1000 MT)						

Attachments:

No Attachments