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Report Highlights:

FAS Managua forecasts that Nicaraguan sugarcane production will remain flat at 7 million metric tons in marketing year 2026/27. This expectation reflects an unchanging planted area and NOAA indicating high probability of an El Niño event developing in the second half of 2026, historically associated with drought conditions and lower field yields. Despite the adverse weather outlook, the Nicaraguan sugar industry remains resilient, supported by substantial investments in biomass energy generation, a well-established planted area, and diversified export markets.

Sugarcane Production

2026/27

FAS Managua forecasts that Nicaraguan sugarcane production will hold steady at 7 million metric tons (MT) in marketing year (MY) 2026/27, reflecting anticipated unfavorable weather conditions and stagnant planted area. As of April 9, 2026, the National Oceanic and Atmospheric Administration (NOAA) estimates a 61 percent probability of an El Niño event in the second half of 2026; a phenomenon historically associated with drought conditions and lower agricultural yields. In sugarcane, El Niño events have reduced agricultural yields in the past; however, those years have also seen higher industrial yields, which have partially offset overall production losses.

FAS Managua projects that the sugarcane harvested area in Nicaragua will remain unchanged at 73,000 hectares (ha) in MY 2026/27. Previous plans to expand planted area by at least 500 hectares have been put on hold due to low international sugar prices and adverse weather expectations. According to the International Sugar Organization (ISO), prices fluctuated throughout the year amid forecasts for global production surpluses, with raw sugar closing at 15.01 cents per pound (lb) on the New York Intercontinental Exchange on December 31, 2025, a 16.9 percent decline over the previous year.

FAS Managua expects agronomic yields in MY 2026/27 to remain flat at 95 MT/ha, reflecting the high likelihood of El Niño conditions in the second half of 2026. At the same time, FAS Managua anticipates a two percent increase in industrial yields, from 108 kilograms (kg) per metric ton to 110, due to higher sugar concentrations consistent with previous El Niño years.

Despite the adverse weather outlook, the Nicaraguan sugar industry remains resilient, supported by substantial investments in biomass energy generation, a well-established planted area, and diversified export markets. Post anticipates that Nicaragua will remain a strong sugar surplus producer, with annual production remaining at 680,000 metric tons. Roughly 60 percent of this volume is expected to be exported, while about 40 percent will supply the domestic market.

2025/26

Sugarcane production in MY 2025/2026 totaled 6.9 million MT, down one percent from the previous cycle. Although the rainy season in MY 2025/26 was considered ENSO-neutral and farmers expected well-distributed rainfall, it was marked by an extended “canícula”, the driest period of the rainy season, typically occurring from mid-July to mid-August. This extended dry spell negatively affected the vegetative growth of sugarcane and reduced agricultural yields by about two percent. On the other hand, industrial yields reached 109 kg/MT, up two percent from the previous season.

Farmers described MY 2025/26 as challenging due to irregular weather patterns, low international sugar prices (average $16.97 cents/lb in 2025, per ISO), and the emergence of new pests in sugarcane plantations. For the first time, producers reported infestations of mealybugs (Cochinilla harinosa, Saccharicoccus sacchari), which caused significant damage in some sugarcane fields in San Rafael del Sur, Managua. There are no official estimates yet on the extent or value of the damage to sugarcane plantations. According to farmers and agronomists, the mealybug infestation primarily affected newly

planted sugarcane, leading to stunted growth and reduced biomass as the insects depleted plant sap from the nodes.

Sugarcane is produced along the Pacific coast and harvested from November through May. Four sugar mills produce approximately 60 percent of total sugarcane on company-owned plantations, with roughly 600 independent farmers producing the remainder. Up to 40 percent of sugarcane is still harvested by hand, where smaller-sized plots have prevented the introduction of mechanized harvesting and where rockier, lower quality soils that damage harvesting equipment make manual labor more cost-effective. The high rate of sugar harvest mechanization – more than 95 percent of the harvest is mechanized in some of the most productive areas – has largely insulated the sector from the negative effects of high levels of migration on the labor supply. Harvest mechanization provides further benefits in the form of environmental services, as mechanized harvesting is predominantly done without burning, which reduces soil degradation and erosion.

Irrigation infrastructure has been expanding with more than 80 percent of Nicaraguan sugarcane farms having integrated irrigation – drip or sprinkler-based systems – into their operations, making efficient use of limited water resources and improving sugarcane yields in drier years. Widespread planting of drought-tolerant sugarcane varieties, like the Guatemala-developed CG02-163 variety, further raises the expected floor for sugarcane agronomic yields in drier production cycles, like those associated with an El Niño system.

Sugar Production

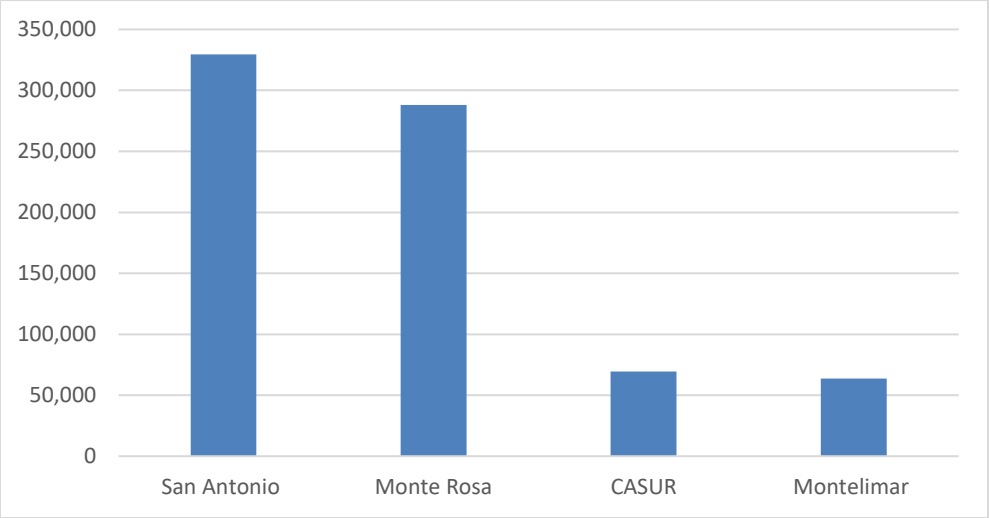
FAS Managua projects MY 2026/27 sugar production to reach 680,000 MT, a slight decrease compared MY 2025/26, due to the El Niño weather forecast. FAS Managua projects processing yields in MY 2026/27 to recover to average historic yield of 110 kgs of raw sugar/MT due to the higher concentration of sugar during an El Niño year.

FAS Managua anticipates Nicaragua's MY 2025/26 sugar production at 682,000 MT, down 18 percent from the initial forecast and flat from the previous year's production. The decline from the initial forecast is due to an extended dry period (canícula) during the rainy season, which negatively impacted the vegetative growth of sugarcane and reduced agricultural yields.

Based on these estimated sugar and sugarcane production figures, FAS Managua projects MY 2025/26 sugar processing yields to be approximately 108 kg/MT, up two tons from the previous year due to the extended canícula.

Sugar prices in Nicaragua have been relatively stable over the last five years, with a slight increase in the white plantation sugar price and a more marked increase in the refined sugar price dating back to 2019, when the Nicaraguan government began applying the 15 percent value added tax to sugar sales. Refined sugar prices at wholesale and retail were estimated at $0.44 to $0.49 per pound in March 2026, while white plantation sugar for wholesale and retail was estimated at $0.38 to $0.42 per pound. The Nicaraguan sugar industry anticipates modest domestic price increases in 2026, due to increasing production costs.

Figure 1. MY 2025/26 Centrifugal Sugar Production by Sugar Mill (MT)



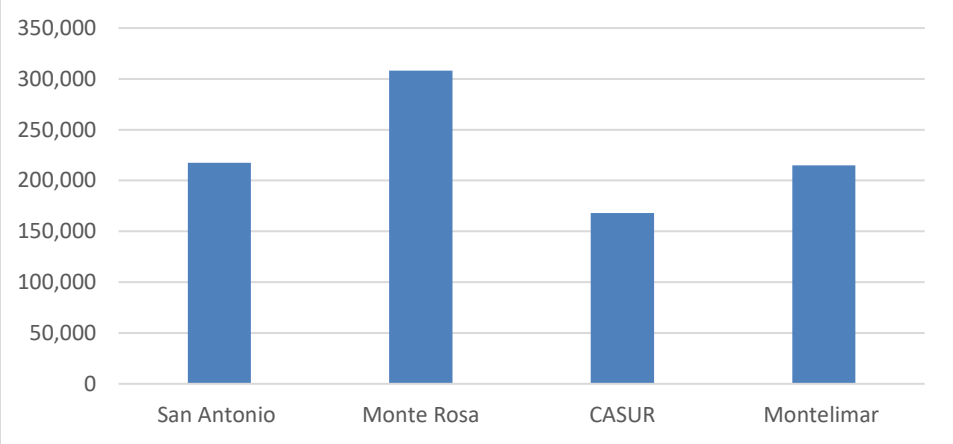
Source: Empresa de Servicios Azucareros de Nicaragua.

Co-Production

Besides sugar production, the four sugar mills operate biomass power plants capable of generating over 120 megawatts of electricity per hour for approximately 9 months each year, using bagasse and other crop residue for feedstock. Power generation has become an indispensable revenue stream, vital to the industry's economic stability and profitability. Power generation at one innovative mill constituted just over a third of total revenues in MY 2024/25.

Nicaragua has a single ethanol production facility, located at Ingenio San Antonio, with an installed capacity of 300,000 liters/day. For MY 2026/27, ethanol production is projected at 15 million liters, all of which is expected to be exported to the European market. Despite this production capacity, Nicaragua still does not have a national policy or mandate to promote the use of fuel ethanol in the local market.

Figure 2. MY 2025/26 Energy Production by Sugar Mill (megawatts/hour)



Source: Empresa de Servicios Azucareros de Nicaragua.

Consumption
Sugar consumption in Nicaragua has remained stable despite outward migration in recent years. While the population has decreased, a surge in remittances has bolstered consumer spending on food and beverages, particularly carbonated soft drinks, effectively offsetting the smaller consumer base.

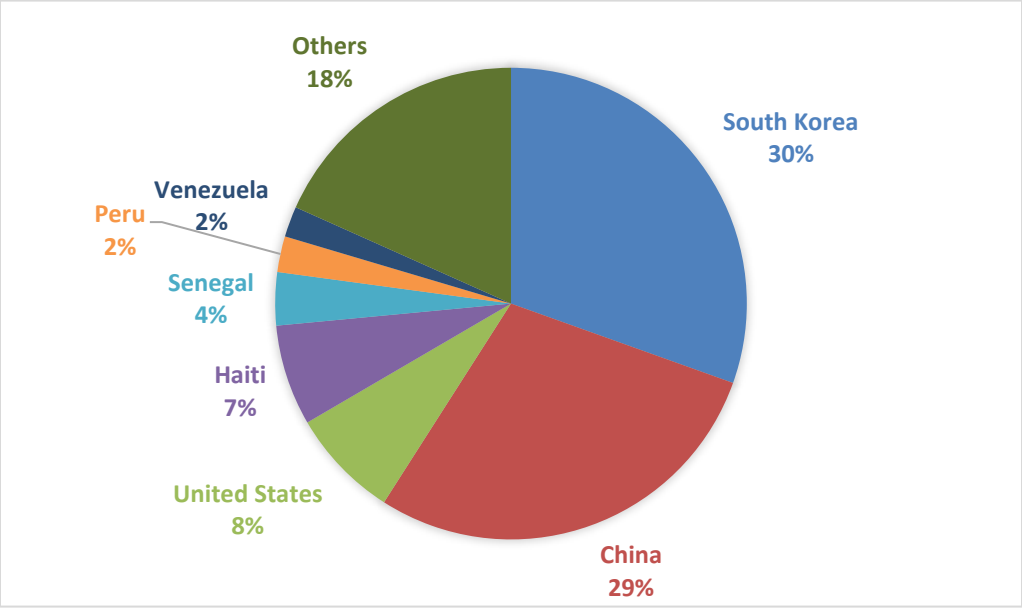
FAS Managua projects sugar consumption for MY 2026/27 to remain flat at 280,000 MT. Although overall domestic growth remains stagnant, sugar mills report a shift in market dynamics: rising demand from local manufacturers is currently compensating for the decline in household sugar consumption.

Generally, about 40 percent of total sugar production is consumed domestically in the Nicaraguan market, with the remaining 60 percent exported. White plantation sugar accounts for 75 percent of all sales in the domestic market, while the rest is refined sugar. All sugar in Nicaragua is enriched with vitamin A to combat nutrient deficiency.

Trade
FAS Managua projects total sugar export volumes to remain flat at 400,000 MT in MY 2025/26, due to the risks of El Niño in the second half of 2026, which is usually associated with severe droughts, that negatively impacts the plant growth and yields. According to the Nicaraguan Central Bank (BCN), total calendar year 2025 sugar exports were 344,652 MT, down 22 percent from the previous year due a fall on agricultural and industrial yields.

South Korea, China, and the United States were the top three destinations totaling more than 75 percent of export shipments. FAS Managua revises MY 2024/25 total sugar exports up slightly to 402,000 MT, which is higher than the BCN statistics reported in Table 1. This is mostly due to some enriched sugar juice exports to neighboring countries which may not get reported in BCN data.

Figure 3. 2025 Centrifugal Sugar Export Destinations (by volume**)**



Source: Nicaraguan Central Bank

Table 1: Centrifugal Sugar Export Volume in MT (Oct/Sep Marketing Year)

Destination	2022/2023	2023/2024	2024/2025
South Korea	64,237	70,000	105,000
China	0	71,489	98,513
United States	49,627	34,495	25,996
Haiti	21,540	42,814	23,824
Senegal	0	17,054	12,540
Peru	44,362	63,117	8,469
Venezuela	15,000	7,020	7,219
U.K.	7,883	8,308	5,318
Chile	5,826	6,419	5,161
Colombia	7,087	10,900	2,280
Togo	0	25,081	0
Congo	22,394	15,045	0
Other Markets	229,655	72,756	50,333
Total	**393,546**	**467,611**	**344,653**

Source: Nicaraguan Central Bank.

Sugar Quotas

Nicaragua continues to benefit from preferential market access arrangements under several free trade agreements (FTA), including for refined sugar under the Dominican Republic-Central American Free Trade Agreement (30,800 MT in 2026), the Association Agreement with the European Union (30,000 MT), the Association Agreement with the United Kingdom (10,000 MT), and with South Korea (preferential access without quota allocations). Nicaragua also has access to ten percent of Mexico's sugar import quotas when they become available due to shortages.

Nicaragua continued making use of its 50,000 MT sugar quota granted by the People's Republic of China, after their bilateral FTA came into effect in January 2024Nicaraguan exporters pay a 15 percent duty for in-quota sugar exports and 50 percent for out of quota exports. In calendar year 2025, China became the number two destination for Nicaragua's sugar exports.

When Nicaragua diplomatically recognized the People's Republic of China in December 2021, Taiwan ended a preferential sugar quota of 70,000 MT, out of which 40,000 applied to refined sugar and 30,000 to raw sugar. The U.S. Government has not included Nicaragua in its World Trade Organization (WTO) sugar tariff-rate quota allocations or re-allocations since April 2022.

Stocks

FAS Managua expects stocks to remain unchanged in MY 2026/27 at approximately 40,000 MT.
The Nicaraguan sugar industry typically maintains ending stocks to guarantee domestic and exportable supplies ahead of the out-year harvest. These stocks mitigate risks associated with possible supply shortfalls originating from natural disasters such as earthquakes and from the Atlantic hurricane season (September through December).

Policy

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs for sugar production or export. However, the sugar industry does benefit from relatively high domestic prices compared to world sugar prices as a result of high tariffs on imported sugar. These higher domestic prices, and revenue from biomass energy production, have helped insulate Nicaragua's sugar industry from fluctuations in international sugar pricing. Nicaragua does not have a law to promote production and/or use of fuel ethanol.

Table 2: Sugarcane for Centrifugal Sugar: Supply and Utilization

Sugar Cane for Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	74	73	0	73	0	73
Area Harvested (1000 HA)	74	73	0	73	0	73
Production (1000 MT)	7300	7000	0	6900	0	7000
Total Supply (1000 MT)	7300	7000	0	6900	0	7000
Utilization for Sugar (1000 MT)	7300	7000	0	6900	0	7000
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	7300	7000	0	6900	0	7000

Table 3: Centrifugal Sugar: Production, Supply and Distribution

Sugar, Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	40	40	40	40	0	40
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	766	680	840	682	0	680
Total Sugar Production (1000 MT)	766	680	840	682	0	680
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)	806	720	880	722	0	720
Raw Exports (1000 MT)	321	280	375	280	0	280
Refined Exp. (Raw Val) (1000 MT)	170	120	190	122	0	120
Total Exports (1000 MT)	491	400	565	402	0	400
Human Dom. Consumption (1000 MT)	275	280	275	280	0	280
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	275	280	275	280	0	280
Ending Stocks (1000 MT)	40	40	40	40	0	40
Total Distribution (1000 MT)	806	720	880	722	0	720

Attachments:

No Attachments