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Report Name: Sugar Annual

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Report Category: Sugar

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Report Highlights:

Sugar production for the 2026/27 season is forecasted to reach 6.85 million tons, which is marginally lower than 2025/26. This outlook is based on same harvested area, average sugar recovery, and normal cane yield. With Pakistan's brisk population growth and growing demand from the food processing sector, a continued moderate uptrend in sugar consumption is anticipated. Given the stable demand and supply conditions, the government is likely to permit sugar exports; therefore, 300,000 tons are forecasted for export in the 2026/27 season.

SUGARCANE

Production:

Sugarcane production for centrifugal refining during the 2026/27 season is anticipated to reach 84.5 million metric tons, about the same as 2025/26 production. This forecast is based on an average yield of 69.8 metric tons per hectare (MT/Ha) and normal weather conditions. Area and production of sugarcane are anticipated to remain stable due to better returns. National sugarcane area remained level in 2025/26; Punjab province registered an increase both in area and production, while Sindh tallied a minor reduction. Yields remained broadly steady at the national level, supported by favorable growing conditions in key production zones. Overall, Pakistan's cane production increased slightly, reflecting improved crop management in Punjab and moderate recovery in its producing regions. Despite some regional variability, the 2025/26 crop provided adequate supplies for the sugar industry and contributed to a sufficient carryover for the next marketing year.

Pakistan's sugarcane production is heavily concentrated in Punjab and Sindh provinces, which contributed 72% and 21% of this year's output, respectively. Khyber Pakhtunkhwa (KPK) and Baluchistan account for the remainder at 6% and 0.7% of national production. The Bahawalpur and Rahimyar Khan divisions in Punjab and the Sukkur division in Sindh together represent more than half of the total area dedicated to sugarcane cultivation. Most cane crushing mills are also located in Punjab and Sindh.

Over the past few years, cotton cultivation in Rahim Yar Khan has been steadily declining, with some of the area already shifted to sugarcane. The district currently hosts six big sugar mills with major crushing capacity, while additional mills near the Sindh-Punjab border are also sourcing sugarcane from the area. This robust presence of sugar industry establishments in the area has incentivized farmers to switch towards sugarcane planting there, but in the future, the increase in planting is also contingent on the still-unfolding sugar deregulation policy. While some cotton acreage has been converted to other crops, including sugarcane, over the past several years, it is unclear how much further this trend will go. The government's efforts to implement crop zoning for maintaining local cotton acreage could stem the tide, but if unsuccessful, some modest growth in sugarcane area can be expected in the future.

Sugarcane normally follows a 3–4-year production cycle, which means that area and output generally remain stable unless the crop faces severe weather shocks or growers experience a prolonged downturn in profitability. Thus far in 2026, Pakistan received rainfall in March following a pronounced three-month dry spell. This precipitation improved irrigation water availability and is expected to support the growth of the 2026/27 summer sugarcane crop.

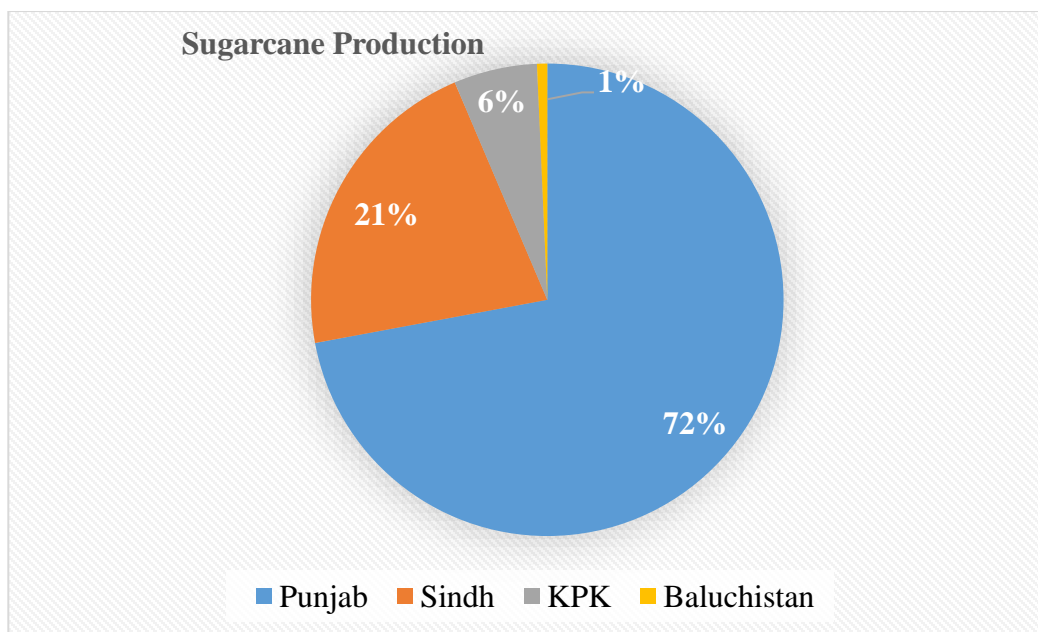
Sugarcane is widely regarded as a crop suited to and favored by large-scale farmers in Pakistan. A key factor driving that characteristic is the challenge posed by proper post-harvest handling, especially at the start of the crushing season. Since harvested cane cannot be stored for extended periods without losing sucrose content, growers with adequate resources immediately transport their crops to mills using their own vehicles. Even then, they often face long queues before off-loading. Smallholders, by contrast, frequently sell their cane to intermediaries at below-market prices; or in some cases, simply sell the standing crop to avoid the labor and time required for harvesting and transport.

An estimated 5–10 percent of total sugarcane production is diverted to jaggery, open-stall sales, and other small-scale uses. This pattern is expected to increase in the 2026/27 marketing year, especially as ongoing government plans to deregulate Pakistan’s sugar policies go forward, under which farmers will have no restriction on cane use.

Table 1: Sugarcane Production Areas

Zones	Sugarcane Area	Province
Indus Delta	Thatta, Badin	Sindh
Southern Irrigated Plains	Rahim Yar Khan,	Punjab
	Sukhur, Larkana, Khairpur, Gotki	Sindh
Northern Irrigated Plains	Faisalabad, Jhang, Chiniot, Gujranwala, Sargodha.	Punjab
	Peshawar and Mardan, Charsada	KPK
Sandy Deserts	Muzaffargarh, Minawali	Punjab
Sulaiman Piedmont	DI Khan, DG Khan	KPK, Punjab

Figure 1: Production of Sugarcane by Province



Source: Sugar Industry and MNFSR

Table 2: Sugar Cane Production, Supply and Distribution (1000 HA), (1000 MT)

Sugar Cane for Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1,210	1,210	-	1,210	-	1,210
Area Harvested (1000 HA)	1,210	1,190	-	1,200	-	1,210
Production (1000 MT)	83,500	83,500	-	84,500	-	84,500
Total Supply (1000 MT)	83,500	83,500	-	84,500	-	84,500
Utilization for Sugar (1000 MT)	83,500	83,500	-	84,500	-	84,500
Utilization for Alcohol (1000 MT)	-	-	-	-	-	-
Total Utilization (1000 MT)	83,500	83,500	-	84,500	-	84,500
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 3: Sugarcane Minimum Support Price (MSP) by Province (\$/Ton)

Year	Punjab	Sindh	KPK
2019-20	29.7	30.0	29.7
2020-21	28.4	28.7	28.4
2021-22	24.9	25.1	24.9
2022-23	26.5	26.7	26.5
2023-24	36.0	38.2	36.0
2024-25	0	36.0	0
2025-26	0	0	0

Source: Provincial Agriculture Departments and PSMA

SUGAR, CENTRIFUGAL

Production:

Pakistan's 2026/27 sugar production is forecast at 6.85 million tons, slightly below the revised estimate for 2025/26. The forecast assumes average sucrose recovery, normal weather conditions, and stable yields across major producing regions. During 2026/27, the Government of Pakistan is expected to withdraw or significantly reduce involvement in the sugar sector, which will have mixed implications for both growers and millers. Smallholders are likely to face more exposure to price volatility, while larger, better-resourced growers may benefit from improved crop management and efficiency gains. For

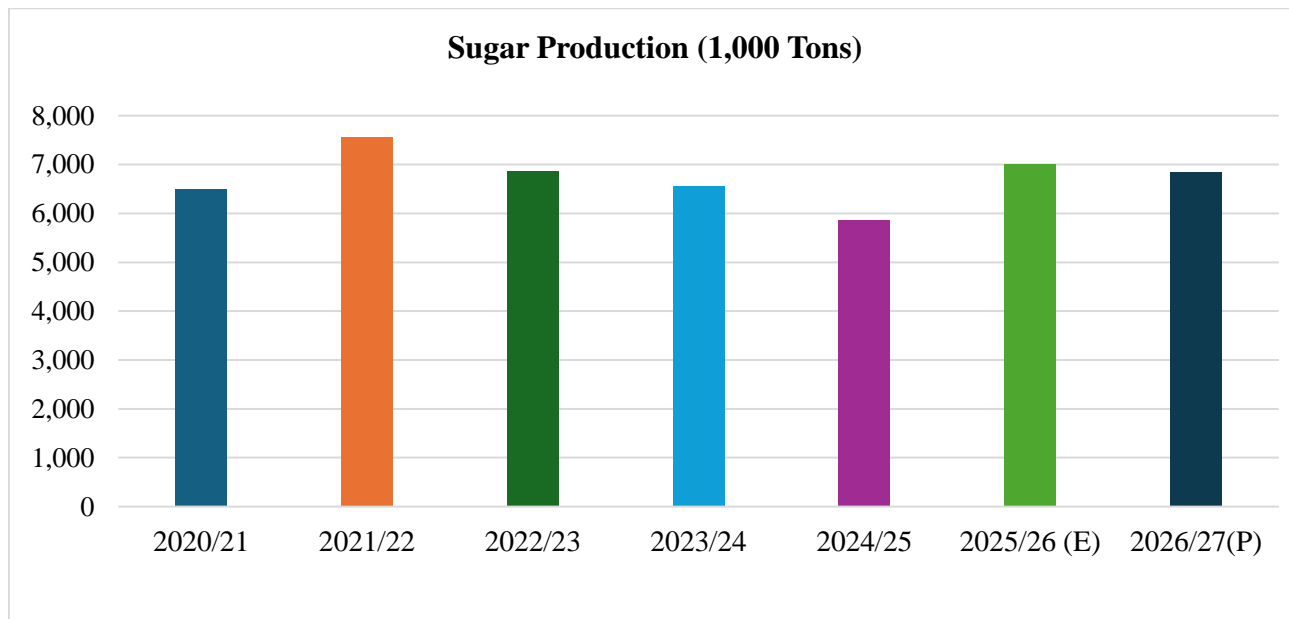
mill owners, the policy shift offers greater operational flexibility, including greater ability to negotiate cane prices, manage inventories, and pursue export opportunities. At the same time, this autonomy exposes mills directly to global price swings and removes policy tools that previously helped cushion financial risk.

Pakistan’s plans for reduced government involvement could enhance overall market efficiency, but these changes may also heighten risk for growers and intensify competition between mills. On balance, the 2026/27 outlook of most market observers seems cautiously optimistic, with stable production, firm domestic demand, and the potential for improved market efficiencies as the sector starts transitioning toward a more market-driven environment.

The 2025/26 sugarcane crushing season officially began on November 15, 2025, in line with federal and provincial directives emphasizing strict enforcement of the start date, transparent weighing practices, and timely payments to growers. By mid-November, several mills had already initiated operations. Crushing activity then accelerated significantly from mid-December onward.

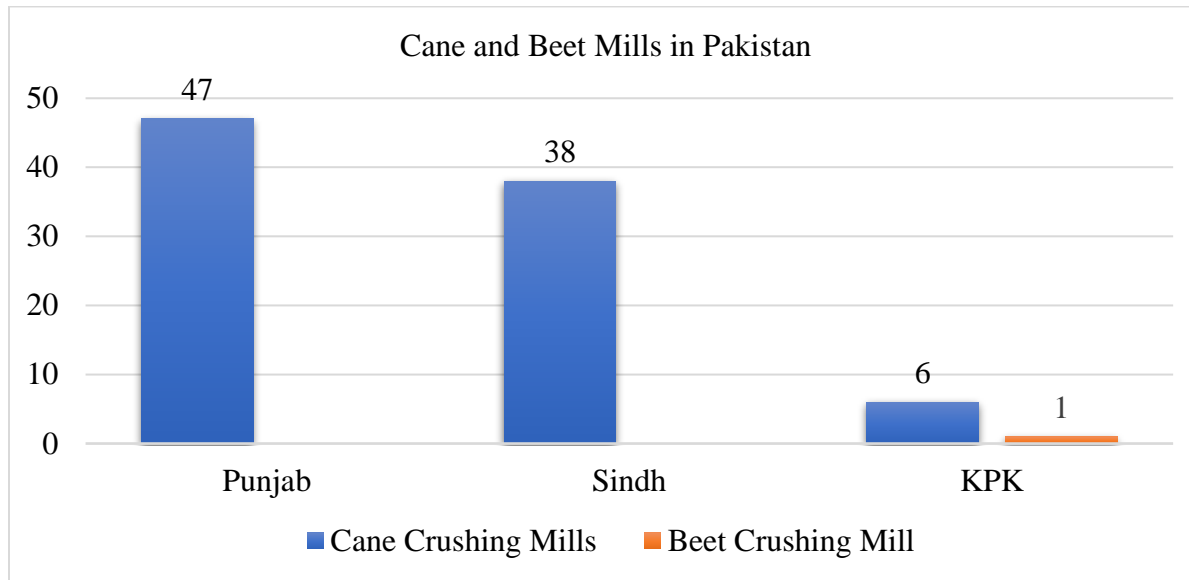
As of end March, mills in Punjab had produced nearly 4.8 million tons of sugar, supported by higher recovery rates and improved operational efficiency. In contrast, Sindh and Khyber Pakhtunkhwa recorded lower crushing volumes, despite modest gains in recovery. Based on the general strength in sugar refining output, national sugar production for 2025/26 is revised upward to approximately 7 million tons.

Figure 2: Sugar Production in Pakistan (1,000 Tons)



(E)= Estimated, (P)= Projected

Figure 3: Sugar Mills in Pakistan (total number)



Source: Pakistan Sugar Mills Association (PSMA)

Consumption:

Sugar consumption for 2026/27 is forecast at 6.8 million tons, reflecting steady growth driven by Pakistan’s population increases and growing demand from the domestic food processing sector. Sugar remains a routine part of household diets across both rural and urban areas, with the household segment accounting for an estimated 60 percent of total use. Industrial consumption continues to rise, supported by bakeries, confectioners, and packaged food manufacturers, which collectively consume about 25 percent of national demand. The remaining 15 percent is absorbed by beverage producers, industrial users, and the dairy sector; particularly in flavored milk, yogurt, and smaller segments such as pharmaceuticals. Overall, Pakistan’s sugar is consumed in various sectors, but domestic household use remains the highest.

As an important staple commodity, sugar continues to receive close policy attention from the government, particularly with respect to ensuring availability and limiting price volatility. In previous years, the government provided targeted consumer subsidies through state-run retail outlets; however, the closure of these outlets and the phase-out of subsidy programs has shifted the landscape to market-based pricing. As a result, sugar is now sold at prevailing market rates, which currently average \$0.72 per kilogram. Low-income household assistance has transitioned primarily to cash-based social protection mechanisms such as the Benazir Income Support Program (BISP) rather than direct commodity subsidies. Based on available data indicating an increase in domestic consumption through March 2026, total domestic use for 2025/26 has been revised upward to 6.6 million tons.

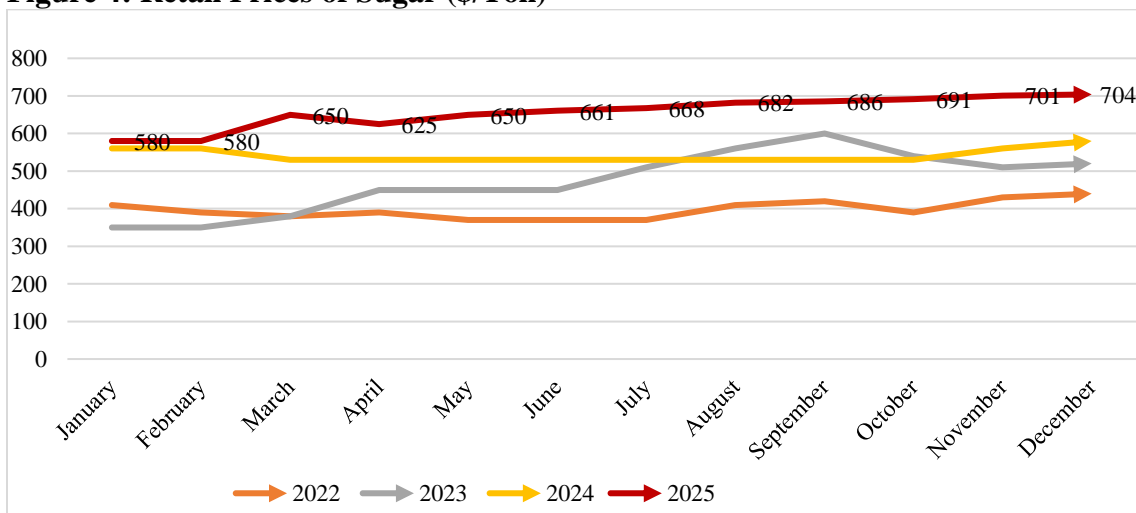
Trade:

Domestic sugar production and carry-in stocks in 2026/27 are forecast to remain sufficient to meet projected domestic consumption, and no sugar imports are anticipated. Although overall supplies are expected at adequate levels, the 2026/27 sugar export forecast is reduced to 300,000 metric tons due to government caution regarding potential impacts on domestic prices. The Pakistan Sugar Mills Association (PSMA) continues to press for a larger export quota, arguing that timely exports are necessary to manage increasing inventory costs, support mill liquidity, and generate foreign exchange earnings. For 2025/26, industry sources estimate a sugar surplus of about 1.1 million metric tons. The government remains cautious, however, citing past episodes in which sugar exports contributed to higher domestic prices.

The government will consider the 2026/27 export volume once official production and stock estimates are available. The final export policy direction will also be informed by further market developments in the current season of 2025/26. If domestic prices remain stable and supplies prove comfortable, the government may raise the export quota. However, if market tightness develops or prices strengthen significantly, authorities are likely to maintain or further constrain export volumes.

International market conditions currently favor Pakistan’s sugar export potential for both the current and upcoming seasons, offering competitive margins for exporters. According to industry contacts, nearby regional importers have expressed interest in sourcing sugar from Pakistan, while buyers in the Middle East are seeking to diversify supply sources in response to ongoing disruptions in Red Sea and Gulf shipping routes. The Government of Pakistan is reviewing export options within the framework of its still-evolving plans for sugar sector deregulation. However, final export volumes will remain contingent on domestic supply availability and price stability. Given the high sensitivity of sugar prices for consumers, the government continues to adopt a cautious approach toward export authorizations, instead prioritizing adequate domestic supplies and stable retail prices over expanding export sales.

Figure 4: Retail Prices of Sugar (\$/Ton)



Stocks:

Ending stocks for 2026/27 are forecasted at 1.97 million tons, supported by stable cane production and higher domestic consumption. Cane output is expected to remain steady, ensuring consistent supplies throughout the marketing year. Stocks will remain elevated due to strong production in 2025/26, which is likely to exceed domestic requirements. The surplus sugar from 2025/26 will carry over as beginning stocks in 2026/27. Despite the outlook for increased consumption, the combination of stable production and substantial carryover supplies is expected to maintain total stocks near 2 million tons in 2026/27.

Policy:

The most significant policy development anticipated in 2026/27 is the Government of Pakistan's planned withdrawal from direct involvement in the sugarcane market. In December 2025, the government initiated a major policy shift intended to deregulate the sugar sector and move toward a market-driven framework. To oversee this transition, a ministerial committee was established with representation from the Ministries of Finance, National Food Security & Research, Economic Affairs, and Power, as well as the Special Assistant to the Prime Minister on Industries. A draft national sugar policy has been finalized at the federal level and circulated to provincial governments for review. Punjab has expressed support for the proposed reforms, while Sindh and the other provinces continue to evaluate the policy within their respective cabinets, consistent with agriculture's provincial jurisdiction under the 18th Amendment.

The proposed reforms will reportedly reduce government oversight and involvement targeted on three areas: farm-level regulation, industry level regulation, and sugar trade. At the farm level, growers would be permitted to cultivate any sugarcane variety and sell their crop to any mill or divert it for jaggery (gur) production, without government restrictions. The policy would abolish the long-standing support price system, allowing sugarcane prices to be determined by market forces. It also recommends lifting the freeze on the establishment of new sugar mills to promote competition and private investment. In the international trade domain, the removal of government controls on sugar imports and exports would enable the sector to respond more freely and effectively to domestic supply dynamics and international market conditions.

Growers have expressed concern that the elimination of indicative or minimum prices could result in lower farm-gate returns. To address these concerns, the government plans to retain the Sugar Advisory Board (SAB) as a consultative mechanism to help safeguard grower interests. Overall, the proposed reform characterizes a major shift in Pakistan's domestic agricultural and trade policy, with the objective of improving efficiency, competitiveness, and transparency across the sugar value chain. Although the ministries were tasked to complete the deregulation process by March 30, 2026, the policy is still under review and discussion, and the government has not yet announced a formal decision.

Table 4: Sugar Production, Supply and Distribution (1000 MT)

Sugar, Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct-24		Oct-25		Oct-26	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	3,392	3,392	1,952	1,952	0	2,162
Beet Sugar Production (1000 MT)	60	60	60	60	0	60
Cane Sugar Production (1000 MT)	5,800	5,800	6,150	7,000	0	6,850
Total Sugar Production (1000 MT)	5,860	5,860	6,210	7,060	0	6,910
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp. (Raw Val) (1000 MT)	0	0	500	250	0	0
Total Imports (1000 MT)	0	0	500	250	0	0
Total Supply (1000 MT)	9,252	9,252	8,662	9,262	0	9,072
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp. (Raw Val) (1000 MT)	700	700	50	500	0	300
Total Exports (1000 MT)	700	700	50	500	0	300
Human Dom. Consumption (1000 MT)	6,600	6,600	6,300	6,600	0	6,800
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	6,600	6,600	6,300	6,600	0	6,800
Ending Stocks (1000 MT)	1,952	1,952	2,312	2,162	0	1,972
Total Distribution (1000 MT)	9,252	9,252	8,662	9,262	0	9,072
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Table 5: Retail Sugar Prices (\$ /Kg)

Months	2020	2021	2022	2023	2024	2025
January	0.48	0.52	0.41	0.35	0.56	0.58
February	0.50	0.52	0.39	0.35	0.56	0.58
March	0.51	0.56	0.38	0.38	0.53	0.65
April	0.51	0.55	0.39	0.45	0.53	0.62
May	0.51	0.55	0.37	0.45	0.53	0.65
June	0.51	0.56	0.37	0.45	0.53	0.66
July	0.53	0.58	0.37	0.51	0.53	0.68
August	0.59	0.60	0.41	0.56	0.53	0.68
September	0.61	0.61	0.42	0.60	0.53	0.68

October	0.62	0.59	0.39	0.54	0.53	0.69
November	0.62	0.55	0.43	0.51	0.56	0.69
December	0.52	0.52	0.44	0.52	0.58	0.70
Average	0.54	0.56	0.40	0.47	0.58	0.70
Dollar	\$=Rs.160	\$=Rs.176	\$= Rs.226	\$= Rs.283	\$=Rs.278	\$=Rs. 278

Source: Pakistan Bureau of statistics, and Agriculture Market Information System (AMIS)

Attachments:

No Attachments