

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary - Public

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GAIN Report Number:

Pakistan

Post: Islamabad

Pakistan Likely to Import 1.2 Million Tons Sugar

Report Categories:

Sugar

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Report Highlights:

Due to flood damages, Post revised its MY 2010/11 sugar production estimate for Pakistan to 3.2 million tons from 3.8 million tons. The forecast for sugar imports has also been increased by 42 percent to 1.2 million tons. To ease the tight sugar situation, the Government of Pakistan is allowing the private sector to import sugar duty free.

General Information:

Pakistan received excessive monsoon rainfall across the country from late July through August 2010. The excessive precipitation triggered severe flooding across Indus River and its tributaries. The floods caused huge losses to agricultural crops and the supporting infrastructure including significant losses incurred to the sugarcane crop in the growing areas of Punjab, Sindh and Khyber- Pakhtonkhwa (KPK). According to initial estimates, floods have partially or completely damaged 170, 000 hectares of the sugarcane crop. Post's forecast of sugar production has been reduced by 500,000 tons (14 percent) from the earlier projection of 3.8 million tons to 3.2 million tons.

The significant decrease in sugarcane production is expected to be bridged through imports of sugar from the international market. FAS/ Islamabad's forecast of sugar imports has been increased by 500,000 tons (42 percent) to 1.2 million tons. Consumption and ending stocks remain unchanged.

The shortage of sugar supplies in the local market accompanied by lower production forecast for MY 2010/11 have led to record sugar prices, reaching as high as Rs. 85 per kg (\$1,000/ MT). The rise in Pakistan sugar prices is partially due to increase prices in the international market.

In response to the higher sugar prices, the Economic Coordination Committee (ECC) of the federal cabinet approved duty-free imports of raw sugar by the private sector, including traders and millers. Sugar imports were earlier subjected to a 25 percent regulatory duty. In a deviation from past practices, the Trading Corporation of Pakistan (TCP); a state run organization, will have no role in importing sugar. The ECC decided that there would be no limit on the quantity of raw sugar imports and it will auction available official stocks with the TCP to meet shortages and ease prices in the local market.

As the sugar harvest season begins next month, sugarcane growers have expressed opposition to the new import procedures.

Production, Supply and Demand Data Statistics :

Sugar, Centrifugal Pakistan	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	1,163	1,163	1,163	550	1,050	550	730	730	730
Beet Sugar Production	20	20	20	20	20	20	20	20	20
Cane Sugar Production	3,492	3,542	3,492	3,400	3,650	3,400	3,750	3,750	3,250
Total Sugar Production	3,512	3,562	3,512	3,420	3,670	3,420	3,770	3,770	3,270
Raw Imports	0	300	0	0	200	0	0	0	750
Refined Imp.(Raw Val)	125	400	125	1,030	530	1,030	700	700	450
Total Imports	125	700	125	1,030	730	1,030	700	700	1,200
Total Supply	4,800	5,425	4,800	5,000	5,450	5,000	5,200	5,200	5,200
Raw Exports	0	0	0	0	70	0	0	0	0
Refined Exp.(Raw Val)	75	75	75	70	0	70	70	70	70
Total Exports	75	75	75	70	70	70	70	70	70
Human Dom. Consumption	4,175	4,300	4,175	4,200	4,350	4,200	4,280	4,280	4,280
Other Disappearance	0	0	0	0	0	0	0	0	0
Total Use	4,175	4,300	4,175	4,200	4,350	4,200	4,280	4,280	4,280
Ending Stocks	550	1,050	550	730	1,030	730	850	850	850
Total Distribution	4,800	5,425	4,800	5,000	5,450	5,000	5,200	5,200	5,200
TS=TD			0			0		0	0