

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

Sugar Semi-annual

Sugar Semi-annual 2015

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Report Highlights: Sugar production is forecast at 5.4 million metric tons, up slightly from a year ago. Sugar is emerging as a favored crop among farmers who value the government established procurement price for sugarcane in the face of lower prices for other crops. Pakistan exported nearly 600,000 metric tons of sugar in 2014/15 as exports were supported by a \$100 per metric ton subsidy. 2015/16 exports are forecast at zero pending the establishment of an export quota and subsidy to support additional exports. Pakistan's sugar market is currently protected by a 40 percent tariff which is helping to boost domestic prices well above international prices.

Commodities:

Sugar, Centrifugal

Production Unchanged from Prior Forecast:

Pakistan's marketing year (MY Oct/Sept) 2015/16 sugarcane production is forecast at 65.5 million metric tons (MMT), unchanged from the previous estimate. Recent floods damaged some low lying fields of sugarcane, but that damage was limited and moisture and crop development conditions have been generally good. Despite delays in cane payments from sugar millers who are squeezed between high cane prices and relatively low sugar prices, farmers still view sugarcane, with its government established purchase price, to be a good alternative to other Kharif (monsoon) crops for which prices are not fixed such as cotton and rice. As global commodity prices declined, sugarcane and wheat, both of which are protected by high tariffs and generous support prices, are proving to be desirable planting options for farmers.

2014/15 sugarcane production is estimated at 63 MMT based on final provincial estimates.

Table 1: Sugarcane Area and Production by Province

Province	Area ('000' Hectares)			Production ('000' Tons)		
	MY 2013/14	MY 2014/15	MY 2015/16	MY 2013/14	My 2014/15	My 2015/16
Punjab	756	700	750	43,710	41,000	43,000
Sindh	298	310	300	18,360	16,670	17,500
KPK	117	119	117	5,360	5,500	4,940
Baluchistan	1	1	1	30	30	30
Total	1,172	1,130	1,168	67,460	63,200	65,470

Source: Provincial Agriculture Departments and FAS/Islamabad

The following table shows the history of procurement prices for each province over the past 15 years. The steady rise in sugarcane procurement prices has made it difficult for millers to produce sugar profitably. The industry is currently protected by a 40 percent import tariff designed to boost domestic sugar prices and protect millers from imports.

Table 2: Procurement Prices of Sugarcane by Province

(Rs. per 40 kg. \$1.00=Rs. 100)

YEAR	Punjab	Sindh	KPK	BALUCHISTAN
2000-01	35.00	36.00	35.00	36.00
2001-02	42.00	43.00	42.00	43.00
2002-03	40.00	43.00	42.00	43.00
2003-04	40.00	41.00	42.00	43.00
2004-05	40.00	43.00	42.00	43.00
2005-06	45.00	58.00	48.00	-
2006-07	60.00	67.00	48.00	-
2007-08	60.00	67.00	65.00	-
2008-09	80.00	81.00	65.00	-
2009-10	100.00	100.00	100.00	-
2010-11	125.00	127.00	125.00	-
2011-12	150.00	152.00	150.00	-
2012-13	170.00	172.00	170.00	-
2013-14	170.00	172.00	170.00	-
2014-15	180.00	182.00	180.00	-

Source: Federal Bureau of Statistics, Government of Pakistan

Consumption:

Consumption continues to grow modestly, largely as a result of a growing population and the slowly developing domestic food processing sector. With the added protection of a 40 percent tariff on imports, market prices, which have risen steadily during 2015, could remain firm and discourage a larger increase in consumption.

Table 3: Monthly Average Retail Prices of Sugar

(Rs. per kg)

YEAR/MONTH	2011	2012	2013	2014	2015
JANUARY	72.57	52.39	52.47	51.39	53.92
FEBRUARY	67.02	50.31	52.58	51.25	54.23
MARCH	66.95	54.89	52.71	53.35	54.28
APRIL	67.14	55.56	53.11	52.40	56.92
MAY	65.77	54.39	53.27	52.27	59.53
JUNE	69.19	54.82	54.15	53.84	62.49
JULY	70.74	54.25	54.35	55.92	65.41
AUGUST	74.65	53.93	54.28	57.83	65.36
SEPTEMBER	76.03	52.76	53.84	60.49	
OCTOBER	72.01	53.28	55.68	59.17	
NOVEMBER	67.25	54.07	58.86	56.78	
DECEMBER	55.52	53.04	54.12	54.12	

AVERAGE	68.74 \$0.78 USD=Rs.88	53.64 \$0.55 USD=Rs.98	54.12 \$0.54 USD=Rs.99	54.90 \$0.55 USD=Rs.100	59.00 \$0.57 USD=Rs.104
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Source: Pakistan Bureau of Statistics (PBS), Government of Pakistan

Trade:

2014/15 sugar exports are estimated at 600,000 MT based on the pace of exports to date which reached 580,000 tons at the end of August. The export volume was limited by a quota and supported by a \$100 per ton subsidy, but the spread between Pakistani sugar at \$600 per ton and the international market at an estimated \$380 per ton rendered the subsidy ineffective. Exports during 2015/16 are currently forecast at zero given the high price of Pakistani sugar and the absence of both a quota and a subsidy. If market conditions change or an export policy is announced, the trade estimate can be adjusted accordingly.

Production, Supply and Demand Data Statistics:

Table 4: Production, Supply and Demand Data Statistics:

(Figures in '000' MT)

Sugar, Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Pakistan	USDA Official	New post	USDA Official	New post	USDA Official	New post
Beginning Stocks	859	859	1,270	1,270	1,210	1,210
Beet Sugar Production	30	30	30	30	30	30
Cane Sugar Production	5,600	5,600	5,200	5,200	5,400	5,400
Total Sugar Production	5,630	5,630	5,230	5,230	5,430	5,430
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	10	10	10	10	10	10
Total Imports	10	10	10	10	10	10
Total Supply	6,499	6,499	6,510	6,510	6,650	6,650
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	729	729	600	600	700	0
Total Exports	729	729	600	600	700	0
Human Dom. Consumption	4,500	4,500	4,700	4,700	4,950	4,950
Other Disappearance	0	0	0	0	0	0
Total Use	4,500	4,500	4,700	4,700	4,950	4,950
Ending Stocks	1,270	1,270	1,210	1,210	1,000	1,700

Total Distribution	6,499	6,499	6,510	6,510	6,650	6,650
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