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Guatemala

Sugar Annual

Guatemala MY 2012-2013 Sugar Production Record High

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Report Highlights:

Sugar production for Marketing Year (MY) 2013-2014 (November 2013-October 2014) is forecast at 2.6 million metric tons (MMT). Production for MY 2012-2013 has been revised up to 2.6 MMT, five percent above from the previous estimate, and is a record high. Production for MY 2011-2012 was also revised to 2.5 MMT, four percent above last estimate. Total exports for MY 2013-2014 are forecast at 1.7 MMT, including a steady trend to increase refined sugar exports. Guatemala, once again, positioned itself as the eleventh major producer, fifth major exporter, third most competitive, and first most efficient at port loading in the global sugar industry.

Executive Summary:

Sugar production in Guatemala expands its planted area on a four percent annual basis. Production does not necessarily reflect the area expansion, as increases in planted area are not enough to compensate for non-favorable weather conditions in some years. In MY 2013-2014, planted area is forecast at 260,000 Ha. Sugarcane yields in MY 2012-2013 (96 MT/Ha) have recovered to yields back in MY 2007-2009 (94 MT/Ha). The Guatemalan sugar industry continues to be one of the most efficient in productivity terms and port loading capacity of 2,200 MT/hour. Guatemala has the largest storage capacity in the Central American region (431,000 MT). For MY 2012, Guatemala ranked eleventh in the list of major sugar producers worldwide, third in exports in Latin America, and third in competitiveness (utilization/capacity) on a global scale.

Consumption for MY 2012-2013 is placed at 787,000 MT, five percent above Post's MY 2011-2012 estimate. Exports for MY 2013-2014 are forecast at 1.7 million tons. Guatemala is the world's fifth largest exporter (Guatemalan exports represent three percent of total world exports) and fourth largest producer in Latin America. The United States, South Korea, and Canada continue to be major markets for Guatemalan raw sugar. The Guatemalan sugar industry continues moving more into the exportation of refined sugar. Less than 10 years ago, raw sugar exports represented 89 percent of total sugar exports. By MY 2012-2013, raw sugar exports represent only 55 percent – as the percentage of refined sugar exports continues to grow. This evolution has increased the importance of the South American and Caribbean export markets for Guatemala, while decreasing significantly Guatemalan sugar exports to Eastern and Central Europe.

Commodities:

Sugar, Centrifugal

Production:

For the MY 2013-2014 crop, sugarcane yields are expected to average close to 95 MT/Ha. MY 2012-2013 reported a sugar yield from sugarcane of 104 Kg/MT; the record sugar yield was reported for MY 1999-2000 (115 Kg/MT). In subsequent years, the sugar yield fell but recovered again in 2007-2009. Sugar yields dropped during MY 2010-2011, and have recovered once more as of MY 2011-2012. The Guatemalan sugar industry has identified the loss in efficiency to climatic conditions, largely unusual rainy seasons resulting in swamping of the production fields and decreased sunlight accumulation.

MY 2010-2011 sugar production, impacted by the La Niña phenomenon, experienced early flowering followed by extended rainfall and decreased sunlight, which resulted in one of the largest decreases in sugar cane yield. Production dropped 10 percent and the cane harvest ended in April instead of the normal mid-May end time. However, MY 2011-2012 and MY 2012-2013 sugar production was favorably influenced by the El Niño phenomenon, which results in decreased cloud cover allowing for more accumulated sunlight in the sugarcane. In addition, the industry continuously invests in developing improved varieties, mainly a combination for high yield and insect resistance characteristics from materials locally sourced and imported from the United States and Brazil.

The area planted in sugarcane for MY 2013-2014 is forecast at 260,000 Ha, up about four percent compared to MY-2012-2013, and still (only) represents roughly three percent of the total country's surface and 10 percent of the total agricultural area. Typically, changes in planted area respond directly to sugarcane contracts offered by sugar mills (based on both domestic and foreign demand). Expansion is constrained due to a lack of suitable lands, competition from other plantation style crops, and water availability.

Consumption:

Consumption for MY 2013-2014 is expected to increase to 797,000 MT as a result of the increased demand by the local beverage (juices and sodas) and processed food (confectionary and bakery) industries. Annual per capita consumption of sugar in Guatemala is close to 100 pounds. Currently, domestic consumption is split -- 28 percent for industrial use and 72 percent for direct human consumption. The soft drink industry is the major industrial consumer of sugar, followed by confectioneries, bakeries, juice makers, dairy producers, and pharmaceutical companies. Overall, domestic consumption is 31-32 percent of total production.

Alternative sweeteners and other alternative sugar products have not been demonstrated to be significant factor affecting total domestic sugar consumption, roughly representing 0.05 percent.

Trade:

Export Trade Matrix

Country	Guatemala		
Commodity	Centrifugal Sugar		
Time period	Jan-Dec		
	2011		2012
U.S. (including re-exports)	233,229	U.S. (including re-exports)	282,029
Others		Others	
South Korea	291,566	Chile	173,397
Chile	197,958	Ghana	155,408
Canada	132,663	Canada	122,483
RUSSIAN FEDERATION	71,919	South Korea	81,335
Peru	59,606	Mexico	77,059
Taiwan	57,383	Taiwan	71,222
Venezuela	56,495	China	68,785
Indonesia	50,920	Peru	62,846
Algeria	46,965	Bangladesh	53,370
Malaysia	44,830	Croatia	53,370
Mexico	44,059	Algeria	49,313
Total for others	1,054,364	Total for others	968,588
Others not listed	257,256	Others not listed	367,491
Grand Total	1,544,849	Grand Total	1,618,108

During CY 2012, Guatemala exported almost US\$ 800 million in raw and refined sugar, 19 percent above CY 2011. Sugar represented the third highest source of foreign exchange for the country, after

textiles and coffee. In CY 2011, Guatemala exported 1.6 MMT, 4 percent above the previous year, while exports for MY 2013 are forecast at 1.7 MMT. Guatemala continues exporting around 70 percent of its total production. The United States, South Korea, and Canada continue to be major export markets for raw sugar, while Chile and Taiwan are major refined sugar destination ports. At present, the Guatemalan sugar industry operates with an export warehouse facility in Puerto Quetzal, on Guatemala's South Coast, with a capacity of 66,000 MT of 50 kg bags for containerized transportation.

For MY 2012, raw sugar exports represented 55 percent, while refined sugar represented 45 percent of the exports market. The trend to increase exports of refined sugar has increased the importance of South American and Caribbean countries for Guatemala's sugar exports, while decreasing significantly exports of raw sugar to Eastern and Central Europe. Top buyers for Guatemalan sugar are Venezuela, the Russian Federation, Indonesia, Malaysia, China, Bangladesh, and Croatia.

Stocks:

MY 2013-2014 ending stocks are expected above those of MY 2012-2013. Domestic stocks are held in warehouses managed by COMETRO throughout the country. All exported sugar is held in warehouses managed by EXPOGRANEL, the loading terminal located at Puerto Quetzal. Its warehousing capacity is set at 365,000 MT for bulk sugar, and 66,000 MT for refined sugar (50 kg sacks).

Guatemala is known worldwide as a good partner in the sugar business, due to its high quality sugar (95-98 percent polarization) plus the fact that it has always fulfilled its commitments. Guatemala signs contracts in advance, during the first three months of each calendar year. After March, prices start rising in the international market.

To insure local demand will be supplied, all exports must be managed through the Sugar Producers Association and a representative from Ministry of Economy has to approve such exports.

Policy:

The Sugar Board of Guatemala, which includes representatives from the Ministry of Economy, sugarcane producers, and sugar mills, establishes production goals, sets sugarcane prices, and allocates the U.S. sugar quota to the different sugar mills. The allocation to each mill is based on past production performance, previous quotas, and milling capacity. According to the law, all sugar sold domestically must be enriched with vitamin A. The industry claims to invest more than \$3.5 million a year in vitamin A. At times the Government of Guatemala (GOG) opens most favored nation quotas for imported sugar to try to control market prices, but the quotas rarely get filled in part due the vitamin A fortification requirement. Fortification is approved and validated by the Institute of Nutrition of Central America and Panama, which has historically monitored and evaluated the impact of Vitamin A fortification, reporting it as a success story. Even though Guatemala has the third highest rate of chronic malnutrition in children less than 5 years old in the world, blindness is not an issue in the country. See <http://www.incap.org.gt/index.php/en/areas-and-lines-of-working/nutrition-and-micronutrient/integral-analytical-center-cai>.

Marketing:

The main export strategy is geared to increase refined sugar exports. ASAZGUA is continuing its marketing strategy designed to maintain domestic sugar consumption. The industry is actively engaged with supporting the “millennium challenge goals” in Guatemala and has been collaborating for more than 20 years in maternal-child nutrition and health components; its major program is focused on increasing local capabilities of rural primary school teachers. As a result, the sugar industry is well known and highly recognized in the country, with it's slogan "development for all". See <http://www.azucar.com.gt/index.html>.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal Guatemala	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	127	127	95	257		430
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	2,402	2,499	2,474	2,600		2,600
Total Sugar Production	2,402	2,499	2,474	2,600		2,600
Raw Imports	0	0	0	0		0
Refined Imp.(Raw Val)	0	0	0	0		0
Total Imports	0	0	0	0		0
Total Supply	2,529	2,626	2,569	2,857		3,030
Raw Exports	975	904	975	915		920
Refined Exp.(Raw Val)	700	715	750	725		735
Total Exports	1,675	1,619	1,725	1,640		1,655
Human Dom. Consumption	759	750	750	787		797
Other Disappearance	0	0	0	0		0
Total Use	759	750	750	787		797
Ending Stocks	95	257	94	430		578
Total Distribution	2,529	2,626	2,569	2,857		3,030

1000 MT