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Global Agricultural Information Network

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Guatemala

Sugar Annual

2014 Guatemala Sugar Annual

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Report Highlights:

Guatemalan sugar production for Marketing Year (MY) 2014-2015 (October 2014 to September 2015) is forecast at 2.9 million metric tons (MMT). Production for MY 2013-2014 has been revised up, also to 2.9 MMT, nine percent above from the previous estimate, and is a record high, for the second consecutive year. Production for MY 2012-2013 has been revised up to 2.8 MMT, six percent above latest estimate. Total exports for MY 2014-2015 are forecast at 2.0 MMT. Guatemala, during MY 2012-2013, positioned itself as the fourth major producer and second biggest exporter in Latin American and the Caribbean, fourth major exporter worldwide, third most competitive (12.2 MT/Ha of sugar), and first most efficient at port loading in the global sugar industry.

Executive Summary:

Guatemalan sugarcane planted area has been expanding by three percent (average annual basis) for the past ten years. However, lack of available land and poor country infrastructure close to the South Coast of Guatemala will limit planted area growth in the next ten years. Production increase is now more dependent on yield increases and sugar extraction efficiency. In MY 2014-2015, planted area is forecast at 264,000 Ha. Sugarcane yields in MY 2013-2014 (101.68 MT/Ha) have reached the second highest record after the record high of MY 2009-2010 (102.40 MT/Ha).

The Guatemalan sugar industry continues to be one of the most efficient in productivity terms and port loading capacity (2,200 MT/hour). Guatemala has the largest storage capacity in the Central American region (431,000 MT). For MY 2012-2013, Guatemala ranked fourth in the list of major sugar producers in Latin America, jumping to the second position of exports in Latin America, and third in competitiveness (utilization/capacity) on a global scale, after Colombia and Swaziland.

Domestic Consumption for MY 2013-2014 is estimated at 764,000 MT, four percent below Post's MY 2012-2013 estimate. Exports for MY 2014-2015 are forecast at 2.0 MMT. Guatemala is the world's fourth largest exporter (Guatemalan exports represent four percent of total world exports) and fourth largest producer in Latin America. The United States, for the first time since the 1980's, was not a major export market for Guatemalan sugar, which was mainly exported during MY 2012-2013 to China, South Korea, and Syria. The export distribution pattern has changed quite significantly in the past two decades. North America used to have close to 50 percent of Guatemalan sugar share, with an important share sent to Eastern Europe and Russia. During MY 2012-2013 harvest, the North America share declined to 33 percent (still a major market), while the Far East and Oceania have increased their share to 21 percent, South America to 14 percent, and the participation of East Europe and Russia has declined to three percent.

Commodities:

Sugar, Centrifugal

Production:

For the MY 2014-2015 crop, sugarcane yields are expected to average close to 102 MT/Ha. MY 2012-2013 reported a sugar yield from sugarcane of 101.68 MT/Ha and a record high of 10.57 TM/Ha of sugar. Variations in sugar cane and sugar yields are directly dependent on sunlight accumulation and water conditions (i.e., no localized floods). In addition, the industry continuously invests in developing improved varieties from materials locally sourced and imported from the United States and Brazil.

The planted area in sugarcane for MY 2014-2015 is forecast at 265,000 Ha, a one percent increase compared to MY 2012-2013. Sugar cane area represents roughly three percent of the total country's surface and 10 percent of the total agricultural area. Expansion is (increasingly) constrained due to lack of suitable lands, water availability, and adequate transportation infrastructure close to the South Coast ports.

The Guatemalan sugar industry invests significantly in Research & Development (R&D). Since 1992 ASAZGUA (Guatemala’s sugar association) founded the Center for Sugarcane Research (CENGICAÑA), which has strongly supported long term productivity of the sugar cane produced in Guatemala. Total area devoted to sugarcane during MY 2012-2013 was close to 264,000 Ha. Sugar yield (per hectare) has increased greatly from 6.6 MT/Ha, in 1990, to 10.6 MT/Ha during the last harvest season. The productivity goal for 2020 is that sugar yields will increased to 12.0 MT/Ha on raw sugar terms. Without R&D, Guatemala would need to plant roughly 550,000 Ha, more than twice as much the actual planted area, to obtain the same production level.

ASAZGUA is also investing on long term environmental sustainability, and in 2012 founded the first private-sector research group, the Climate Change Institute (ICC). ICC is carrying out research on climate and water, ecosystems, riverbanks integrated management, disaster risk management, and climate change capacity building. Many other environmental friendly actions have been taken, such as energy forests incorporation into the sugar cane processing at the mills and ethanol by-production from the molasses (not from main juices – therefore does not compete with sugar production). Guatemala is presently co-generating 408 MW and produced 269 million liters of alcohol during MY2012-2013; 100 percent of which is presently exported.

Consumption:

MY 2014-2015 consumption is expected to increase to 770,000 MT. Annual per capita consumption of sugar in Guatemala is close to 100 pounds. Currently, domestic consumption is split, 27 percent for industrial use and 71 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 roughly 25 percent of total production. Drops in consumption are tightly related to price increases in the basic food basket items.

Trade:

Export Trade Matrix			
Country	Guatemala		
Commodity	Centrifugal Sugar		
Time period	Oct-Sep		
	MY 2011-2012		MY 2012-2013
U.S. (including re-exports)	302,167	U.S. (including re-exports)	98,077
Others		Others	
China	341,218	China	342,070
Venezuela	204,610	South Korea	243,724
South Korea	180,200	Syria	177,430
Canada	140,791	Chile	173,423
Chile	114,146	Tunisia	119,495
Mexico	101,884	Ghana	98,757
Ghana	78,805	Taiwan	90,586

Peru	72,162	Canada	64,004
Tunisia	59,340	Japan	60,650
Algeria	46,200	Haiti	52,598
Total for others	1,339,356	Total for others	1,422,737
Others not listed	269,477	Others not listed	429,186
Grand Total	1,911,000	Grand Total	1,950,000

Source: Global Trade Atlas for data per country (MY 2011-2012 and MY2012-2013) and ASAZGUA for Grand Totals; World Total Exports for Guatemala during MY 2011-2012 do not match exports reported by ASAZGUA; ASAZGUA reports roughly 300,000 MT of total sugar above GTA's report for MY 2011-2012; MY 2012-2013 data provided by ASAZGUA matches GTA's report for the specified time range.

During MY 2012-2013, Guatemala exported 1.95 MMT in raw and refined sugar, two percent above MY 2011-2012. Sugar represented the second highest source of foreign exchange for the Guatemalan agricultural sector, after bananas. Exports for MY 2014-2015 are forecast at 1.95 MMT, without much variation. Guatemala continues exporting around 75 percent of its total production. The export markets have changed quite significantly in the past decade. During MY 1999-2000, North America imported 42 percent of the Guatemalan sugar, while Eastern Europe and Russia shared 17 percent of the market. During MY 2012-2013 harvest, North America's share has declined to 33 percent (still a major market), while the Far East and Oceania have increased their share to 21 percent, South America to 14 percent, and the participation of East Europe and Russia has declined to three percent. Exports to the U.S. dropped to the lowest level since the 1980's.

For MY 2012-2013, raw sugar exports represented 68 percent, while refined sugar represented 22 percent of the exports market. The trend to increase exports of refined sugar (rather than raw sugar) has increased the importance of South American and Caribbean countries for Guatemala's sugar exports. Top buyers for Guatemalan sugar were China, South Korea, Syria, Chile, and Tunisia.

For MY 2013-2014, Guatemala's major exports markets are South Korea, Venezuela, U.S., Chile, Ghana, Taiwan, Haiti, and Canada.

Stocks:

MY 2014-2015 ending stocks are expected above those of MY 2013-2014. 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 also 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.

<http://www.azucar.com.gt/index.html>

Production, Supply and Demand Data Statistics:

Table 1
PS&D for 2013-2015

Sugar, Centrifugal Guatemala	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	257	257	120	365		503
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	2,600	2,778	2,600	2,852		2,852
Total Sugar Production	2,600	2,778	2,600	2,852		2,852
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	2,857	3,035	2,720	3,217		3,355
Raw Exports	1,120	1,050	1,050	1,050		1,050
Refined Exp.(Raw Val)	830	861	800	900		900
Total Exports	1,950	1,911	1,850	1,950		1,950
Human Dom. Consumption	787	759	797	764		770
Other Disappearance	0	0	0	0		0
Total Use	787	759	797	764		770
Ending Stocks	120	365	73	503		635

Total Distribution	2,857	3,035	2,720	3,217		3,355
1000 MT						

Source: Guatemala Sugar Association (ASAZGUA), 2014