

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Nicaragua

Sugar Annual

2010

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Report Highlights:

Sugar cane production during the 2009/2010 season is expected to increase by 3.7% over the 2008/2009 season. This is largely attributable to an increase in planted area.

	d		Dat a	d		Dat a	d		Data	
Beginning Stocks	102	50	25	112		179			306	(1000 MT)
Beet Sugar Production	0	0	0	0		0			0	(1000 MT)
Cane Sugar Production	490	540	521	545		541			542	(1000 MT)
Total Sugar Production	490	540	521	545		541			542	(1000 MT)
Raw Imports	0	0	0	0		0			0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0		0			0	(1000 MT)
Total Imports	0	0	0	0		0			0	(1000 MT)
Total Supply	592	590	546	657		720			848	(1000 MT)
Raw Exports	237	290	102	300		150			170	(1000 MT)
Refined Exp.(Raw Val)	6	6	37	8		32			36	(1000 MT)
Total Exports	243	296	139	308		182			206	(1000 MT)
Human Dom. Consumption	217	217	228	228		232			241	(1000 MT)
Other Disappearance	20	27	0	20		0			0	(1000 MT)
Total Use	237	244	228	248		232			241	(1000 MT)
Ending Stocks	112	50	179	101		306			401	(1000 MT)
Total Distribution	592	590	546	657		720			848	(1000 MT)

The Nicaraguan sugar cane harvest runs from November through May. Preliminary production data for the 2009/2010-crop year indicate a total sugar cane output of 5,461,096 MT. The 2010/2011 forecast for sugar cane is 6.0 million MT assuming good weather conditions.

According to the National Committee of Sugar Producers (NCSP) in the 2009/2010 season, total sugar production is estimated to be 541,814 MT, 4% higher than the 2008/2009 season due to an increase in planted area. The 2010/2011 forecast for sugar production is 542,000 MT. Some of the sugar cane used to produce sugar was used to produce ethanol. During the 2004/2005 season, as a first-time trial the local industry used 8,000 MT of sugar cane to produce ethanol for local consumption. During the 2005/2006 season one of the main sugar mills invested in a new distillery and an alcohol dehydrator plant to produce ethanol. However, because of high international sugar prices, the facility ceased producing alcohol from sugar at that time. During the 2007/2008 season, the local industry used over 808,000 MT of sugar cane to produce ethanol. The local industry used 2,000,000 MT of sugar cane to produce ethanol during the 2008/2009 season. The local industry does not estimate to use any sugar cane during the 2009/2010 season to produce ethanol due to higher prices for sugar in the international market.

According to NCSP, another sugar mill planned to start operating its new ethanol plant during the 2009/2010 season. However, there have not been any developments on these plans. The new facility could process 300,000 to 350,000 liters of ethanol per day and has an estimated value of \$30 million. During the 2007/2008 season the local industry exported 50 million liters of ethanol and exported 70 million liters of ethanol during the 2008/2009 season. The main market for Nicaraguan ethanol continues to be European countries where Nicaraguan suppliers obtain a higher price. The local industry does not foresee beginning to export to other destinations. According to the local industry, ethanol versus sugar production has been price driven. For instance, if the market price of sugar increased enough, the local industry could shift to sugar production.

Sugar cane is produced in the Pacific Coast of Nicaragua. There are four sugar mills in Nicaragua: San Antonio, Monte Rosa, Benjamín Zeledón and Montelimar.

Crop Area

During the 2009/2010 season 65,035 HA of sugar cane were planted. This shows a small increase over the 2008/2009 season, which had 64,412 HA planted. Area planted during the 2010/2011 season is forecast to increase to 66,000 HA.

Yields

According to NCSP, during the 2008/2009 season the average sugar cane reached 75.6 MT per HA. Average sugar cane yield for the 2009/2010 season is estimated at 83.9 MT per HA. A good rainy season in 2009/2010, may account for the increase in yield. Assuming good weather conditions, the NCSP expects to maintain a similar sugarcane yield over 76 MT per HA during the 2010/2011 season.

Consumption:

Total domestic consumption during the 2008/2009 season reached 228,000 MT and is estimated to increase to 232,000 MT during the 2009/2010 season. Total domestic consumption is forecast to increase by 4 percent per year.

Trade:

Major export destinations in 2009 included the United States, Mexico, Taiwan, Haiti and other Caribbean countries. Nicaragua exported 139,689 MT in 2009.

The United States allocates to Nicaragua two tariff rate quotas (TRQs) under WTO and CAFTA-DR commitments. The two TRQs total approximately 44,614 MT of raw sugar. This amount corresponds to the WTO TRQ for Nicaragua plus an additional TRQ negotiated under CAFTA-DR. The CAFTA-DR TRQ for the fourth year of implementation equals 23,320 MT. Nicaragua ratified the CAFTA-DR on October 10, 2005. Its implementation started on April 1, 2006.

A 55 percent import duty plus a 2 percent luxury tax was charged on sugar imports in 2009 because sugar is considered a sensitive product.

Table 3. Export Trade Matrix

Commodity Sugar, Centrifugal Time Period 2009 Units: MT	
Exports for:	
U.S.	79,144
Other World Destinations	60,545
Grand Total	139,689

Policy:

The GON does not set sugar prices, nor does it provide subsidies or special credit programs. Nicaragua lacks a legal framework that would support the consumption of biofuels, inhibiting the commercialization of ethanol domestically.

Marketing:

The private sector buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8, and 2 kg.

The Ministry of Agriculture and Forestry reported the following retail prices for refined, white plantation sugar and sugar cane in 2009.

Table. 4. Prices for Retail Refined, White Plantation Sugar and for Sugar Cane in 2009

Sugar Prices in Córdobas	Jan .	Feb .	Mar .	Apr .	Ma y	Ju n.	Jul .	Au g.	Se p.	Oc t.	Nov .	Dec .	Ave r.
Refined , per lb	5.7 7	5.9 3	6.0 0	10. 05	5.9 8	6.0 0	6.3 7						
White Plantati	5.2 6	5.4 2	5.5 0	5.5 2	5.4 8	5.4 8	5.5 0	5.5 0	5.5 0	5.5 0	5.5 0	5.7 5	5.4 7

on, lb													
Sugar Cane, MT	403 .1	403 .1	403 .1	403 .1	403 .1	sugar cane harvest runs from November through May				403 .1	403 .1	403 .1	

Official exchange rates for 2009 can be obtained at [the Central Bank of Nicaragua](#). According to the Central Bank of Nicaragua, the average exchange in 2009 was 20.3395 *Córdobas* per one U.S. dollar.