

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Nicaragua Sugar Annual Report 2014

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Report Highlights:

For 2013/2014, the Nicaraguan Sugar Commission (CNPA) anticipates a sugarcane harvest of 7.2 million MT, with a total sugar production of 758,776 MT, raw value, a 6 percent increase compared to the previous year. The increase in production is attributed to the increase of sugar cane planting. CNPA reports that sugarcane plantings increased 5 percent in 2013/2014, reaching over 71,556 hectares.

Executive Summary:

The sugar industry in Nicaragua has experienced a steady growth since 2011 as a result of the expansion of sugarcane plantations. Just in 2013/2014, sugarcane production reached 7.2 million MT, with a total sugar production of 758,776 MT raw value, a 6 percent increase compared to the previous year. Total sugarcane plantations reached over 71,556 hectares, a 5 percent increase compared to the previous year.

Some of the factors that have contributed to growth of the sugar industry in Nicaragua are above average international sugar prices, diversification of the sugar industry into the production of energy (the two largest sugar mills of Nicaragua sell energy to the national grid), and good access to export markets. Nicaragua has sugar tariff rate quotas with the United States under the WTO and CAFTA-DR, the European Union and Taiwan.

For FY 2014, Nicaragua plans to ship its full U.S. WTO and DR-CAFTA sugar quota allocation. The Nicaraguan sugar industry is also in a good position to supply any additional sugar quota reallocation from the U.S.

Commodities:

Sugar Cane for Centrifugal

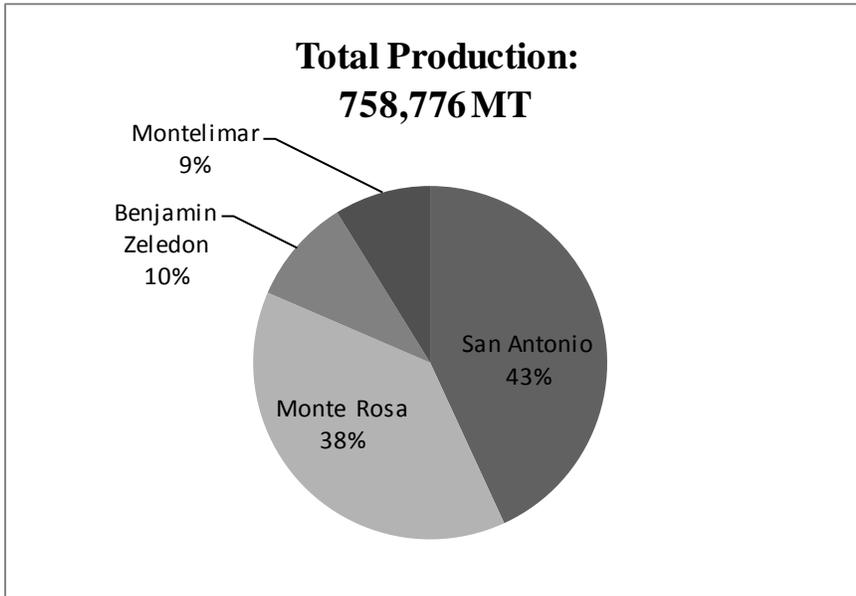
Production:

Sugarcane is produced along the Pacific coast of Nicaragua. The Nicaraguan sugarcane harvest runs from November through May. The main sugar mills are San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar.

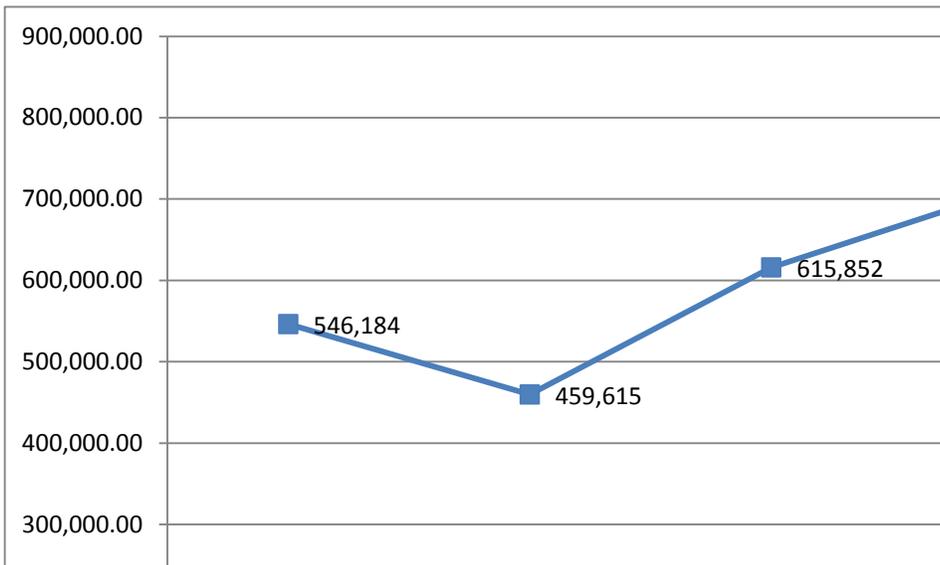
Preliminary data from the Nicaraguan Sugar Commission (CNPA) for the 2013/2014 season anticipate a total sugarcane harvest of 7.2 million MT, with a total sugar production of 758,776 MT, a 6 percent increase compared to the previous year. The increase in sugar production is mainly attributed to the increase of area planted to sugarcane. CNPA described the 2013/2014 production cycle as normal; the rainy season was moderate and no serious problems were reported with pests and diseases. The growth of the sugar industry is expected to continue in the next several years. For 2014/2015, CNPA forecasts an increase of 4 percent in sugarcane production.

Besides sugar, Nicaragua plans to export 10 million liters of ethanol to the U.S. in 2014. At present, there is only one sugar mill that has an ethanol distillery plant. This ethanol is produced from molasses. Nicaragua lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

2013/2014 Sugar production by main sugar mills



**Raw Sugar production, Crop Year 2010-2014
(In metric tons)**



Crop Area:

In 2013/2014 sugarcane planting totaled 71,556 hectares, a 5 percent increase compared to the previous year. Most of the increase is attributed to the expansion of sugarcane plantations on the southwestern side of the country. Sugarcane areas are expected to grow 4 percent in 2014/2015. Analysts expect that sugarcane area will not increase as much in the northwest part of the country due to the rapid growth of groundnut plantations.

Yields:

Sugar cane yields remained stable in 2013/2014, reaching over 100 MT/HA. For the 2014/2015 season, CNPA expects similar yields, assuming good weather conditions.

Consumption:

Nicaragua’s sugar consumption was 250, 000 MT in 2012/2013, and it is forecast to increase to 254,000 MT in 2013/2014. Per capita sugar consumption is estimated at 46.64 kg for 2012/2013. According to the Nicaraguan Central Sugar Association (NCSA), the entity responsible for trading sugar, the increase in sugar consumption is attributed to the increase in population and not to a change in food habits of the Nicaraguan people.

Trade:

Sugar exports continue to increase. According to the International Trade Center (ITC), In Calendar Year 2013, Nicaraguan sugar exports reached over 375,437 MT, a 9 percent increase compared to the previous year. Major export destinations in 2013 include Venezuela, United States, Romania, and Haiti. Please refer to table below.

2013 Sugar Export Trade Matrix

Countries	MT
Venezuela	176,645
United States	60,053
Romania	41,274
Haiti	26,175
Ghana	25,070
Taiwan	21,637
Others	24,583
Total	375,437

Sugar Quotas

Nicaragua has tariff rate quotas with the United States under the WTO (22,114 MT) and CAFTA-DR (25,520 MT), the European Union (22,262 MT) and Taiwan (20,942 MT of refined sugar and 10,308MT of raw sugar). Mexico also allocates an export quota to Nicaragua but only when there is a shortage of sugar in that country.

Policy:

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

Marketing:

The private sector of Nicaragua 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.

NCSA reported the following wholesale and retail prices for refined and white plantation sugar in 2013.

Whole Sale Prices for refined and white sugar in 2013

Sugar prices per Pound (US dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.30	.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Refined Sugar	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33

Source: STCN.

Retail Prices for Refined and White Sugar in 2013

Sugar prices per Pound (US dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.35	0.35	0.35	0.36	0.35	0.34	0.34	0.34	0.36	0.36	0.36	0.34
Refined Sugar	0.39	0.39	0.39	0.40	0.39	0.39	0.38	0.38	0.40	0.40	0.40	0.38

Production, Supply and Demand Data Statistics:

Table 1: Sugarcane for centrifugal sugar: Supply and Utilization

Sugar Cane for Centrifugal Nicaragua	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	67	68	69	71		74
Area Harvested	67	68	69	71		74

Production	6,136	6,742	6,555	7,158		7,444
Total Supply	6,136	6,742	6,555	7,158		7,444
Utilization for Sugar	5,661	6,742	5,245	7,158		7,444
Utilization for Alcohol	655	0	1,310	0		0
Total Utilization	6,316	6,742	6,555	7,158		7,444
1000 HA, 1000 MT						

Table 2: Centrifugal Sugar: Production, Supply and Demand (in thousands MT)

Sugar, Centrifugal Nicaragua	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	37	37	41	39		38
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	698	712	725	759		790
Total Sugar Production	698	712	725	759		790
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	735	749	766	798		828
Raw Exports	270	244	260	280		299
Refined Exp.(Raw Val)	75	131	70	150		161
Total Exports	345	375	330	430		460
Human Dom. Consumption	333	250	378	254		258
Other Disappearance	16	85	20	76		75
Total Use	349	250	398	254		258
Ending Stocks	41	39	38	38		35
Total Distribution	735	749	766	798		828

Post adjusted the level of domestic consumption of Table 2 according to statistics from the Nicaraguan Central Sugar Association. The quantities reported under Other Disappearance are used to enrich molasses/ sugar juices that are exported to Central America and the United States.