

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GAIN Report Number:

Argentina

Post: Buenos Aires

Sugar Production and Exports Down in MY2013/14

Report Categories:

Sugar

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Report Highlights:

Argentina sugar production for Marketing Year (MY) 2013/14 is reduced by nearly 25 percent to 1.8 million tons (raw value) due to a dry summer and severe frosts in the three most important sugar producing provinces. Exports and ending stocks are both drastically affected by the drop in production and estimates are now at 220,000 tons (raw value) and 186,000 tons, respectively.

General Information:

Argentine sugar production for MY2013/14 is now estimated at 1.8 million tons (raw value), significantly lower than earlier projected. With the harvest practically finished, the negative impact of a dry summer, the worst frosts in the past 50 years, and the accidental burning of some 3,000 hectares in Jujuy province, production will drop 550,000 tons of sugar (raw value) from our first projection in April 2013. Tucuman, Salta and Jujuy provinces were all affected. Although there is still no estimation for the volume of cane processed, industrial yields are expected to be one of the lowest in history. Some fields will not be harvested due to their low production potential. The severe impact on the cane plantation is projected to negatively impact the potential production in crop MY 2014/15.

A significant drop in sugar output is expected to reduce exports and ending stocks. Post now estimates total exports for MY 2013/14 at 220,000 tons (raw value), less than half of USDA's projection of 500,000 tons. Ending stocks are now estimated at 186,000 tons, 270,000 tons lower than USDA.

The strong decline in production allowed domestic sugar prices go up, and thus provided the sector some room for recovery after very low sugar prices in MY2012/13. Contacts indicate that production costs have increased about 25 percent annually in the past two crops. The current domestic sugar price of a 50-kilo bag at the plant is selling at \$175-185 pesos (roughly US\$600 per ton). Producers claim that the price should be \$220-240 pesos (roughly US\$760 per ton) per bag in order to make a profit.

Initially, the industry estimated that the equivalent of 330,000 tons of sugar was going to be made ethanol, but the industry now estimates only 250,000 tons will go to ethanol production.

Production, Supply and Demand Data Statistics :

Sugar, Centrifugal Argentina	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Beginning Stocks	81	81	232	232	446	446
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2,150	2,150	2,300	2,300	2,350	1,800
Total Sugar Production	2,150	2,150	2,300	2,300	2,350	1,800
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	5	5	0	0	0	0
Total Imports	5	5	0	0	0	0
Total Supply	2,236	2,236	2,532	2,532	2,796	2,246
Raw Exports	96	96	96	96	300	100
Refined Exp.(Raw Val)	98	98	160	160	200	120
Total Exports	194	194	256	256	500	220
Human Dom. Consumption	1,800	1,800	1,820	1,820	1,830	1,830
Other Disappearance	10	10	10	10	10	10
Total Use	1,810	1,810	1,830	1,830	1,840	1,840
Ending Stocks	232	232	446	446	456	186
Total Distribution	2,236	2,236	2,532	2,532	2,796	2,246
1000 MT						