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Philippines

Sugar Semi-annual

Semi-Annual

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Report Highlights:

According to the Philippine Sugar Regulatory Administration (SRA), Philippine raw sugar production reached 1.97 million metric tons (MMT) in CY 2009/10, lower than the original SRA estimate as a result of unusually wet weather conditions. Raw sugar output is projected to decline once again in CY 2010/11 to 1.9 MMT. The Philippines imported 250,000 MT of refined sugar in 2009/10 and is expected to import roughly the same amount in the next crop year due to a projected tightness in domestic supply.

Commodities:
Sugar, Centrifugal

Production:
According to the Philippine Sugar Regulatory Administration (SRA), Philippine raw sugar production reached 1.97 million metric tons (MMT) in CY 2009/10, lower than the original SRA estimate of 2.05 MMT as a result of unusually wet weather conditions. Total area devoted to sugarcane production in CY 2009/10 was 404 thousand hectares. Raw sugar output is projected to decline once again in CY 2010/11 to 1.9 MMT due to poor weather conditions during the growing stage which affected sugar content in the cane. According to industry contacts, this situation has also pushed back the start of the milling season for domestic sugar mills.

While there is no formal trade in sugarcane due to the unique "quedan" system (refer to GAIN Philippine Sugar Annual 2010) in the Philippines, according to industry sources, a metric ton of sugarcane can be roughly valued at about P3,200-3,400 (based on P2,500/50-kg bag of raw sugar). In CY 2009/10, the average mill site price per 50-kg bag of "A" raw sugar was P1,281 for the U.S. market; P1,588 for "B" raw sugar for the domestic market; P1,421 for "C1" or strategic reserve sugar; P1,131 for "D" sugar for the world market. The average composite price was P1,664/bag.

Wholesale and retail prices of raw and refined sugar in Metro Manila for CY2009/10 follows:

RAW AND REFINED SUGAR PRICES				
CY 2009/10	**Raw Sugar**		**Refined Sugar**	
	Wholesale Price (Pesos/per 50 Kg. Bag)	Retail Price (Pesos/ per Kg.)	Wholesale Price (Pesos/per 50 Kg. Bag)	Retail Price (Pesos/ per Kg.)
September	1,350.00	30.35	1,750.00	37.61
October	1,450.00	30.48	1,900.00	38.16
November	1,400.00	30.90	1,900.00	39.15
December	1,600.00	33.67	2,080.00	43.82
January	1,900.00	37.84	2,600.00	46.65
February	2,050.00	43.87	2,400.00	52.00
March	1,800.00	44.41	2,050.00	52.95
April	1,850.00	44.13	2,050.00	52.06
May	1,780.00	43.73	2,030.00	51.30
June	2,100.00	44.05	2,250.00	51.24
July	2,350.00	46.20	2,230.00	52.18
August	2,350.00	49.76	2,520.00	54.33

Average	1,831.67	39.95	1,986.67	47.62

Source: Sugar Regulatory Administration

As of October 13, 2010, prevailing wholesale price of raw sugar was at P2,500, while wholesale price for refined sugar was at P2,760 per bag; prevailing retail price of raw sugar was P52/kg, while refined sugar price was P56/kg.

U.S. Dollar to Philippine Peso Exchange Rates from 2006 to October 4, 2010 follows:

Exchange Rate	**2006**	**2007**	**2008**	**2009**	**2010**
US1$=PhP	51.31	46.15	44.47	47.64	43.67

Source: Bangko Sentral ng Pilipinas

Consumption:

Domestic sugar consumption has been traditionally measured by monitoring sugar withdrawals from the mills. Domestic sugar withdrawals reached 1.95 MMT in 2009/10 and are projected to rise slightly to about 2.0 MMT as demand for sugar by consumer and local food manufacturers is expected to increase as we see an improvement in the Philippine economy.

RAW SUGAR (DOMESTIC) WITHDRAWALS CY 2009/10	
MONTH	**METRIC TONS (MT)**
September	80,328
October	121,813
November	194,540
December	178,355
January	263,482
February	180,819
March	205,329
April	210,948
May	222,822
June	123,106
July	86,414
August	59,978
TOTAL	**1,943,443**

Source: Sugar Regulatory Administration

MOLASSES PRICES CY 2009/10

MONTH	Average Price (Pesos/MT)
September	6,106.88
October	6,479.59
November	6,027.32
December	6,075.09
January	7,116.27
February	7,425.62
March	7,723.11
April	8,075.75
May	8,716.50
June	7,976.20
July	
August	
Average	**7,172.23**

Source: Sugar Regulatory Administration

Trade:
The Philippines imported 250,000 MT of refined sugar in 2009/10 and is expected to import roughly the same amount in the next crop year due to a projected tightness in domestic supply. Under the U.S. Tariff Rate Quota (TRQ) program, raw sugar exports for 2009/10, reached 178,437 MTRV, there were no exports to the world market. For FY 2010/11, the U.S. sugar TRQ was announced at 142,160 MTRV.

Policy:
ASEAN: In 2008, the Philippine Government requested the Association of Southeast Asian Nations (ASEAN) Free Trade Area (AFTA) Council for the transfer of raw and refined sugar from the sensitive to the highly sensitive list of the AFTA Common Effective Preferential Tariff (CEPT) scheme in order to retain sugar tariffs at 38 percent. Executive Order No. 892 was approved on June 2010 delaying tariff reductions for sugar from ASEAN member countries. EO 892 sets sugar tariffs at 38 percent for 2010-11; 28 percent for 2012; 18 percent for 2013; 10 percent for 2014 and 5 percent for 2015.

http://www.gov.ph/2010/06/17/executive-order-no-892/

Ethanol Tariffs: The Ethanol Producers Association of the Philippines (EPAP) is requesting the Philippine Tariff Commission for the increase to 20 percent of the current 1-percent tariff imposed on imported ethanol. According to EPAP, at least P54 billion in fresh investments for ethanol production are now being delayed until there is a clear signal from the Philippine government that their projects will get enough support, starting with a considerable tariff protection.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal Philippines	2008/2009	2009/2010	2010/2011
	Market Year Begin: Sep 2008	Market Year Begin: Sep 2009	Market Year Begin: Sep 2010

	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	547	547	547	322	322	322	168	168	244
Beet Sugar Production	0	0	0	0	0	0	0	0	0
Cane Sugar Production	2,100	2,100	2,100	2,000	2,000	2,000	2,200	2,200	1,900
Total Sugar Production	2,100	2,100	2,100	2,000	2,000	2,000	2,200	2,200	1,900
Raw Imports	0	0	0	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	150	150	250	0	0	250
Total Imports	0	0	0	150	150	250	0	0	250
Total Supply	2,647	2,647	2,647	2,472	2,472	2,572	2,368	2,368	2,394
Raw Exports	225	225	225	154	154	178	142	142	142
Refined Exp.(Raw Val)	0	0	0	0	0	0	0	0	0
Total Exports	225	225	225	154	154	178	142	142	142
Human Dom. Consumption	2,100	2,100	2,100	2,150	2,150	2,150	2,150	2,150	2,150
Other Disappearance	0	0	0	0	0	0	0	0	0
Total Use	2,100	2,100	2,100	2,150	2,150	2,150	2,150	2,150	2,150
Ending Stocks	322	322	322	168	168	244	76	76	102
Total Distribution	2,647	2,647	2,647	2,472	2,472	2,572	2,368	2,368	2,394
TS=TD			0			0			0

Sugar Cane for Centrifugal Philippines	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Sep 2008			Market Year Begin: Sep 2009			Market Year Begin: Sep 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	393	393	393	395	395	404	395	395	404
Area Harvested	388	388	388	390	390	400	390	390	400
Production	21,600	21,600	21,600	19,500	19,500	19,500	21,500	21,500	20,500
Total Supply	21,600	21,600	21,600	19,500	19,500	19,500	21,500	21,500	20,500
Utilization for Sugar	21,600	21,600	21,600	19,500	19,500	19,500	21,500	21,500	20,500
Utilizatn for Alcohol	0	0	0	0	0	0	0	0	0
Total Utilization	21,600	21,600	21,600	19,500	19,500	19,500	21,500	21,500	20,500