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## **Panama**

# **Sugar Report**

## **2000**

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### **Report Highlights:**

**Although Panamanian production has been increasing, exports have slipped thereby creating a sugar surplus.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
San Jose [CS1], PN

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## Executive Summary

Panama is expected to produce 2 million tons of sugar cane in marketing year 2000 yielding 185,6 tons of raw sugar. Consumption will continue to increase to 110.4 tons sugar with exports dropping to 31.4 tons.

**Table 1: Sugar Cane: Production, Supply and Demand**

| PSD Table             |                            |         |             |         |                    |         |
|-----------------------|----------------------------|---------|-------------|---------|--------------------|---------|
| Country               | Panama                     |         |             |         |                    |         |
| Commodity             | Sugar Cane for Centrifugal |         |             |         | (1000 HA)(1000 MT) |         |
|                       | Revised                    | 1998    | Preliminary | 1999    | Forecast           | 2000    |
|                       | Old                        | New     | Old         | New     | Old                | New     |
| Market Year Begin     |                            | 01/1998 |             | 01/1999 |                    | 01/2000 |
| Area Planted          | 0                          | 35      | 0           | 37      | 0                  | 38      |
| Area Harvested        | 0                          | 0       | 0           | 0       | 0                  | 0       |
| Production            | 0                          | 1739    | 0           | 1959    | 0                  | 2000    |
| TOTAL SUPPLY          | 0                          | 1739    | 0           | 1959    | 0                  | 2000    |
| Utilization for Sugar | 0                          | 1739    | 0           | 1959    | 0                  | 2000    |
| Utilizatn for Alcohol | 0                          | 0       | 0           | 0       | 0                  | 0       |
| TOTAL UTILIZATION     | 0                          | 1739    | 0           | 1959    | 0                  | 2000    |

## Production

1999 was a rainy year (La Niña year) therefore, although the fields looked good and cane production was good, sugar yield for the 2000 marketing year was lower than normal.

The industry is suffering from a surplus of approximately 15,000 tons of raw sugar. As a result, no one is talking about expansion. Rather, the emphasis is on strategies to reduce inventories and on diversification of actual business activities. Nevertheless, no company is reported to have gone out of business or to have sold out.

**Table 2: Centrifugal Sugar: Production, Supply and Demand**

| PSD Table              |                   |         |             |         |           |         |
|------------------------|-------------------|---------|-------------|---------|-----------|---------|
| Country                | Panama            |         |             |         |           |         |
| Commodity              | Centrifugal Sugar |         |             |         | (1000 MT) |         |
|                        | Revised           | 1998    | Preliminary | 1999    | Forecast  | 2000    |
|                        | Old               | New     | Old         | New     | Old       | New     |
| Market Year Begin      |                   | 10/1997 |             | 10/1998 |           | 10/1999 |
| Beginning Stocks       | 31                | 31      | 50          | 39      | 62        | 72      |
| Beet Sugar Production  | 0                 | 0       | 0           | 0       | 0         | 0       |
| Cane Sugar Production  | 170               | 172     | 180         | 185     | 180       | 186     |
| TOTAL Sugar Production | 170               | 172     | 180         | 185     | 180       | 186     |
| Raw Imports            | 0                 | 0       | 0           | 0       | 0         | 0       |
| Refined Imp.(Raw Val)  | 0                 | 0       | 0           | 0       | 0         | 0       |
| TOTAL Imports          | 0                 | 0       | 0           | 0       | 0         | 0       |
| TOTAL SUPPLY           | 201               | 203     | 230         | 224     | 242       | 258     |
| Raw Exports            | 60                | 59      | 70          | 44      | 60        | 31      |
| Refined Exp.(Raw Val)  | 0                 | 0       | 0           | 0       | 0         | 0       |
| TOTAL EXPORTS          | 60                | 59      | 70          | 44      | 60        | 31      |
| Human Dom. Consumption | 91                | 105     | 93          | 108     | 0         | 110     |
| Feed Dom. Consumption  | 0                 | 0       | 0           | 0       | 0         | 0       |
| TOTAL Dom. Consumption | 91                | 105     | 98          | 108     | 110       | 110     |
| Ending Stocks          | 50                | 39      | 62          | 72      | 72        | 117     |
| TOTAL DISTRIBUTION     | 201               | 203     | 230         | 224     | 242       | 258     |

Sources for Tables: Office of General Comptroller, VICOMEX, and Azucarera Nacional, S.A.

## Consumption

All four Panamanian sugar mills are private with the last two government-owned mills privatized in 1999. Two of the new players have created tension within the sector by introducing innovative business practices thereby increasing competition and triggering a battle with the more traditional mills. One result is that there is no longer the exchange of information that used to take place, which in turn makes it more difficult to collect accurate information.

## Trade

Although production has been increasing, Panama had been exporting smaller quantities in recent years and has even been importing refined sugar. For example, in 1999, Panama imported 3,500 tons of refined sugar with a value of \$1.7 million from Mexico and 153 tons with a value of \$23,000 from Colombia, both refined sugar. Moreover, at least one sugar mill sent raw sugar to the United States and brought it back as refined sugar with a brand name. This operation was not counted either as an export or import in government statistics. In 2000, at least one mill has shipped to the out-of-quota U.S. market. This should be reflected in year 2000 statistics.